

WHERE DOES ALL THE MONEY GO?

**EXPLORING HOW
NEW JERSEY
NURSING HOMES
USE PUBLIC
MONEY**



The National
CONSUMER VOICE
for Quality Long-Term Care

**REPORT
2025**

Acknowledgements

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Introduction

Nationally, nursing homes receive nearly \$70 billion each year in Medicare¹ and Medicaid dollars.ⁱ Yet, too often, the care nursing home residents receive is lacking and results in poor outcomes. When confronted with poor quality of care in their nursing homes, nursing home owners often say they do not receive enough money to provide high-quality care.

However, a growing body of research raises questions as to whether nursing home owners and operators use taxpayer dollars for their intended purpose — that is, providing quality care to residents — or whether funds are diverted for other purposes. Members of Congress recently sent a letter to several nursing home chains questioning why their nursing homes were staffed so poorly at a time when they were spending hundreds of millions of dollars on stock dividends, buybacks, and bonuses.ⁱⁱ

One practice that has drawn scrutiny is the use of related party transactions to “tunnel” or hide profits.

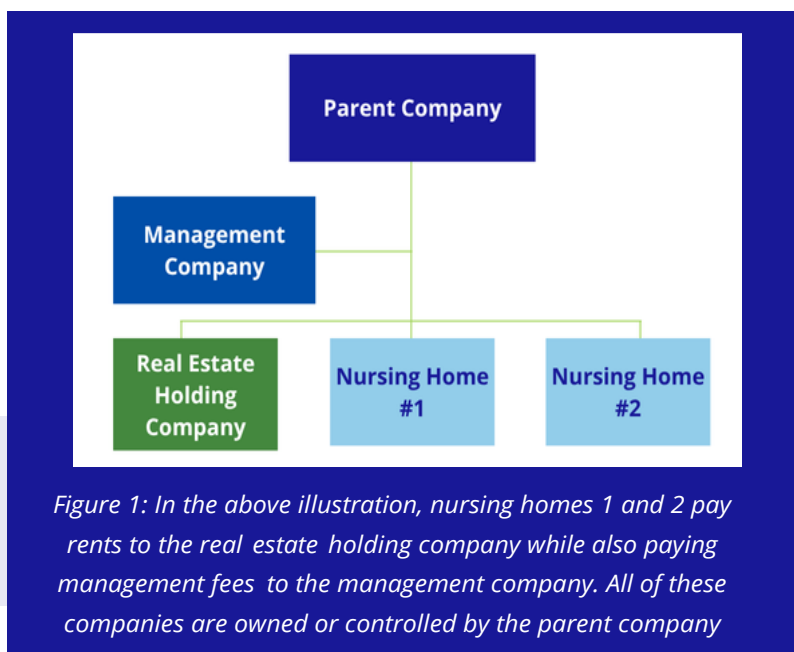
A related party is a company doing business with a nursing home that has the same owners as the nursing home. A 2024 study of Illinois’ Medicaid cost reports, authored by Drs. Ashvin Gandhi and Andrew Olenski, found that 75% of nursing homes reported related party transactions.ⁱⁱⁱ The report estimated that the average nursing home used the practice to hide \$380,000 in profits each year.

In New Jersey, from 2021 through 2023, nursing homes paid nearly \$2 billion to related party companies.

Federal and state governments pay nursing homes tens of billions in Medicare and Medicaid dollars annually.

But they require little transparency as to how nursing home owners and operators use those funds. Despite federal rules that require payments to related parties to be reasonable and prudent, oversight for making that determination is often lacking. The weaknesses of the state and federal cost reporting systems leave policymakers and the public in the dark.

¹ This total does not include money spent by Medicare managed care plans, for which data is not available. Roughly half of all Medicare eligible individuals are in Medicare managed care plans, which indicates the total expenditure on nursing home care by Medicare is much higher.



This report focuses on transparency, particularly for related party transactions, in New Jersey. It examines the financial reports of three for-profit nursing home chains and reviews data that demonstrates how care quality is lacking in these chains. This report also examines staffing levels in these homes as compared to staffing levels at non-profit nursing homes in New Jersey.

When money is siphoned away from care into related party companies, it can affect every aspect of nursing home care, including the adequacy of staffing levels. Low wages and heavy workloads lead to high staff turnover, which then results in lower quality and poorer outcomes for residents. Lastly, the report will make recommendations to increase financial transparency and help hold nursing homes accountable.

Where We Get the Data and Key Terms

Medicare and Medicaid Cost Reports: Every nursing home that receives Medicare dollars must file a Medicare cost report (CMS-2540-10) each year with the Centers for Medicare and Medicaid Services (CMS). In New Jersey, nursing homes receiving Medicaid also must submit a Nursing Facility Cost Report to the state. Each report details a facility's revenues, expenditures, and related party transactions.

The financial information used in this report is from the Medicare cost reports filed by nursing homes owned by the three for-profit chains included in our review.

CMS Five-Star System Data: CMS maintains a rating system for all nursing homes that participate in Medicare and/or Medicaid. The 5-Star system is a relative measure that assigns stars from one to five based on a nursing home's performance compared to other nursing homes in their state.

The 5-Star system provides health inspection, staffing, and quality measure ratings, and an overall rating that combines the three categories. Data for the health inspection rating comes from the results of annual and complaint surveys conducted by state health agencies. Staffing data is submitted to CMS by providers through the Payroll Based Journal (PBJ), which contains detailed information on hours worked by direct care staff and other nursing home employees. The quality measure rating is composed, in large part, of health care outcomes self-reported by facilities.

The 5-Star ratings are reported on CMS's Nursing Home Care Compare website,^{iv} which also provides information on staffing in each home and whether a home has been cited for abuse.

Related party: is defined in the Code of Federal Regulations (42 CFR§ 413.17).

Cost to related organizations.

- (a) **Principle.** The cost of services, facilities, and supplies furnished to the nursing home by organizations related to the nursing home by common ownership or control may be included in the allowable cost. However, the cost must not exceed the price of comparable services, facilities, or supplies that could be purchased elsewhere.

(b) **Definitions**

- (1) *Related to the provider* — The nursing home, to a significant extent, is associated or affiliated with or has control of or is controlled by the organization furnishing the services, facilities, or supplies.
- (2) *Common ownership* — An individual or individuals possess significant ownership or equity in the nursing home and the related organization.
- (3) *Control* — An individual or organization has the power, directly or indirectly, to significantly influence or direct actions or policies of an organization or institution.

Related party transactions are reported on page A-8-1 of the Medicare cost report (CMS-2540-10). CMS requires disclosure of the type of expense (see Figure 2, below, Column 3), the allowable cost under the Medicare program (Column 4), and the actual amount paid to the related party. (Column 5). New Jersey's Nursing Facility Cost Report requires similar information about related party transactions.

An allowable expense is the maximum amount that Medicare will pay for a specific service or item. As this report documents, nursing homes often report paying to related parties an amount that exceeds the Medicare-allowed cost. This practice raises several questions:

Why did the payments exceed the allowable costs? What portion of the excess payments are profit to the related parties and owners?

Under the current cost reporting system these questions cannot be answered as neither federal nor state cost reports require this information to be disclosed.

PART I - COSTS INCURRED AND ADJUSTMENTS REQUIRED AS A RESULT OF TRANSACTIONS WITH RELATED ORGANIZATIONS OR CLAIMED HOME OFFICE COSTS						
Line No.	Cost Center	Expense Items	Amount Allowable In Cost	Amount Included in Wkst. A., col. 5	Adjustments [col. 4 minus col. 5]	
1	2	3	4	5	6	
1	1. CAP REL COSTS - BLDGS & FIXTURES	RENT	1,728,705.	3,450,000.	(1,721,295.)	1
2	4. ADMINISTRATIVE & GENERAL	REALTY ADMIN COST	1,104.		1,104.	2
3	30. SKILLED NURSING FACILITY	CONTRACTED NURSING	639,612.	679,262.	(39,650.)	3
4						4
5						5
6						6
7						7
8						8
9						9
10	TOTALS (sum of lines 1-9) (Transfer column 6, line 10 to Wkst. A-8, col. 3, line 12)		2,369,421.	4,129,262.	(1,759,841.)	10

SAMPLE: Figure 2: Section A-8 of Medicare Cost report (CMS-2540-10).

The Rise of Related Parties

In 2003, an article^v published in the *Journal of Health Law* suggested that nursing homes undergo corporate restructuring to help avoid civil liability for negligent care. By using separate, single-purpose corporations, nursing home owners could insulate assets that would otherwise be subject to civil judgment. The article's chief recommendation was to separate the operational side of the nursing home from the real estate side:

“There is an emphasis on separating the ownership of the real estate from the ownership of the operating entity that holds the license and Medicare and Medicaid provider agreements. This is normally achieved by having the operating entity lease the facility from the real property entity. This can be accomplished even where there is identical ownership and control between and among the real-property entity and the operating entity.”

Owners found an additional benefit: they could use the corporation that owned the real estate (which they own) to charge rent and lease fees to the nursing home (which they also own). ***In essence, the owners began charging themselves to rent their own facility.***

The use of related parties has evolved to include not only real estate but almost every aspect of nursing home operations. It is now common for nursing homes to do business with several related parties, including management, physical therapy, and staffing companies, among many others.

Since the publication of this article, the use of related party transactions has proliferated, with some estimating that 75%–77%^{vi} of nursing homes engage in this practice.

A 2023 study found that 77% of nursing homes reported related party transactions in 2019, paying related parties \$11.23 billion, an amount equal to 9.54% of their total net operating revenues.^{vii}

The previously mentioned Gandhi and Olenski study^{viii} estimated that the average for-profit nursing home hides or tunnels nearly \$380,000 in profits annually through related party transactions. The study found that rents or lease payments and management fees made up roughly 60% of all related party transactions. The authors estimated that roughly 36% of real estate payments from facilities to related party companies were hidden profits, and 41.7% of management fees paid to related parties represented hidden profits.

From 2021-2023, the three New Jersey chains examined in this report paid \$97.6 million to related parties in rents and other real estate payments and \$33.5 million in management fees.² ***Based on the Gandhi and Olenski study, this could mean \$49.1 million in profits were hidden in those transactions alone.***

In addition to being able to hide profits, related party transactions serve another purpose: making nursing homes look less profitable.

Related party transactions are listed as expenses on Medicare Cost Reports ***despite the payments being made to the owners of the nursing home.*** This reduces the amount of profit that nursing homes declare, which lends credibility when they assert that they do not have enough money to provide high-quality care or to pay higher wages to recruit and retain workers.

²This amount may be higher. One of the chains, Marquis, reported several related party transactions that could be interpreted as management fees, but the federal cost reports provide insufficient information to make that determination. Matching payments were found in state Nursing Facility Cost Reports filed by Marquis. For this analysis, we included only the payments that were specifically identified as management fees in the state reports.

CMS requires that related party transactions be reasonable and prudent.^{ix} In other words, a nursing home must pay a related party company what it would have paid a non-related party on the open market. Yet, neither Medicare nor New Jersey cost reports gather sufficient information to make this determination. CMS does not require a facility to document what it got for the payments, how much was cost or profit to the related party, or why the amount paid to the related party was higher than the allowable cost.

Payments to related parties documented on Medicare cost reports are often higher than the allowable Medicare cost for that service.

For example, see Figure 3 (below), which represents the 2023 related party expenditures disclosed by Gateway Care Center³, one of six New Jersey nursing homes owned by the Rosenberg Family chain. Column 4 on Figure 3 shows the allowable cost, and column 5 discloses how much was actually paid to the related party.

In the 2023 report, Gateway disclosed \$1.91 million in Medicare allowable costs billable to several related parties but actually paid those related parties \$3.48 million — an overpayment of \$1.57 million.

From 2021 through 2023, Gateway and the other five Rosenberg Family homes made related party payments that exceeded the allowable costs by \$18.61 million.

We must have greater transparency to make sure that taxpayer dollars intended for nursing home resident care are going for that purpose.

PART I - COSTS INCURRED AND ADJUSTMENTS REQUIRED AS A RESULT OF TRANSACTIONS WITH RELATED ORGANIZATIONS OR CLAIMED HOME OFFICE COSTS						
Line No.	Cost Center	Expense Items	Amount Allowable In Cost	Amount Included in Wkst. A., col. 5	Adjustments (col. 4 minus col. 5)	
1	2	3	4	5	6	
1	1. CAP REL COSTS - BLDGS & FIXTURES	REAL ESTATE TAXES	197,106.	197,139.	(33.)	
2	1. CAP REL COSTS - BLDGS & FIXTURES	RENT	646,658.	2,210,000.	(1,563,342.)	
3	4. ADMINISTRATIVE & GENERAL	MANAGEMENT FEE	798,365.	800,000.	(1,635.)	
4	4. ADMINISTRATIVE & GENERAL	REALTY ADMIN	85.		85.	
5	8. DIETARY	RELATED DIETARY	20,847.	21,058.	(211.)	
6	30. SKILLED NURSING FACILITY	RELATED NURSING	245,749.	248,231.	(2,482.)	
7	44. PHYSICAL THERAPY	RELATED THERAPY	387.	391.	(4.)	
8						
9						
10	TOTALS (sum of lines 1-9)		1,909,197.	3,476,819.	(1,567,622.)	
	(Transfer column 6, line 10 to Wkst. A-8, col. 3, line 12)					

Figure 3 - 2023 Related Party Expenditures disclosed by Gateway Care Center

³ After the report timeframe, Gateway Care Center changed its name to Shore Pointe Care Center

Amplifying Resident and Family Voices

Residents and their loved ones often share perspectives with staff and volunteers from New Jersey's Office of the Long-Term Care Ombudsman (LTCO). **Every quote in this report is from a resident or family member connected to a nursing home operated by one of three ownership chains we are highlighting.**

We promised not to identify speakers by name, nursing home, or ownership chain so they could speak freely and limit the possibility of retaliation — a significant and all-too-common concern for family members and residents. While retaliation can be difficult to prove, many residents and family members have experienced it and LTCO staff routinely witness it. Research shows this dynamic in nursing homes creates a power imbalance that keeps residents or family members from speaking up about mistreatment.^x

Three New Jersey Nursing Home Chains

This report looks at three for-profit nursing home chains operating in New Jersey, listed in the CMS ownership database as The Rosenberg Family, Marquis⁴, and Genesis. Care quality data cited in this report is from 2024. The financial data is from 2021-2023. During those years, the three chains, which operated a combined 32 homes in New Jersey, paid related parties roughly \$206.4 million.

During that same time, the chains' nursing homes provided an average 3.26 nursing hours per resident per day (HPRD)⁵, significantly lower than the 3.83 HPRD provided by the average New Jersey nursing home.

The average New Jersey non-profit nursing home documented a staffing level of 4.67 HPRD — 43% higher than the combined average of the three for-profit chains we studied.

⁴ While the chain is identified as Marquis, the nursing homes are owned by Tryko Partners LLC, which describes itself in news releases as a private equity investment group based in Brick, N.J. Marquis is Tryko Partners' healthcare affiliate.

⁵ HPRD reflects the reported working hours of RNs, LPNs, and CNAs, including direct care and administrative time.

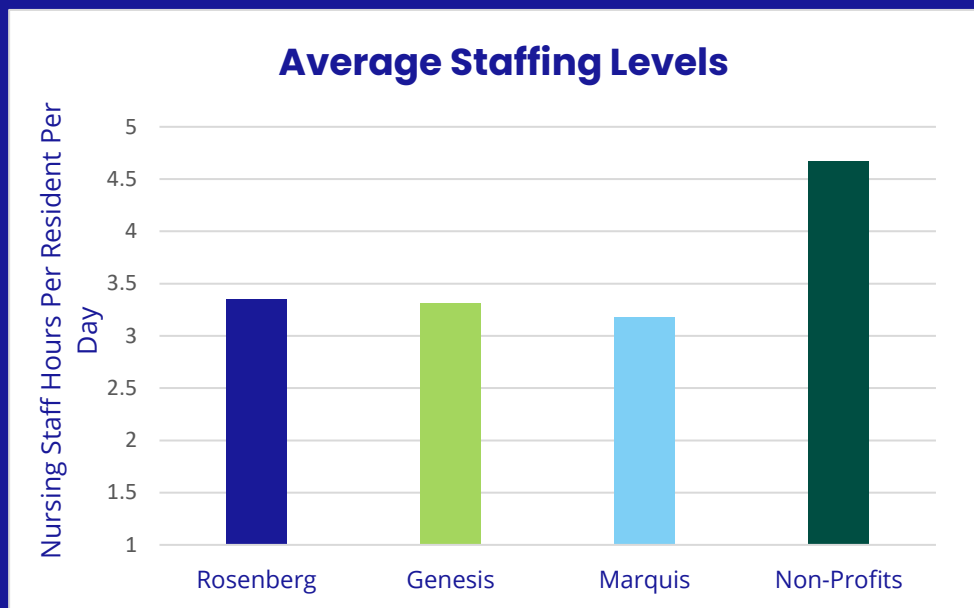


Figure 4: The chart illustrates the average staffing levels per resident per day in Rosenberg, Genesis, and Marquis Homes. The average New Jersey non-profit nursing home is used for comparison.

Below, we look at the related party spending of each chain and the quality of care provided in their homes.

1 The Rosenberg Family

The Rosenberg Family (Rosenberg) owns and operates six nursing homes in New Jersey, according to data from CMS. Their cost reports for the years 2021-2023 show that they paid related party companies \$43.52 million. During that same period, those nursing homes reported a profit of \$7.99 million. It is not evident how much of the related party payments represent profit to the nursing home owners, but if it were only 5% of the related party expenses, or \$2 million, the profitability of these nursing homes would increase by 25%.

How related party payments are used to make nursing homes look less profitable. Majestic Care Center, a Rosenberg-owned facility, reported a loss of \$675,000 from 2021-2023. Yet during that period, Majestic paid related parties \$6.3 million, including \$4.83 million in rent. In their paper, Drs. Gandhi and Olenski estimate that 36% of rent payments were hidden profits. If we apply those findings to Majestic, it could be that \$1.74 million was hidden in those rent payments, which could mean that Majestic actually made a profit of over \$1 million for that period of time.

Unfortunately, neither federal nor state cost reports capture enough information to ascertain how much was spent on resident care versus how much, if any, was hidden profit. Nor do the cost reports require any documentation that the costs paid to the related party were reasonable and prudent.

Rosenberg

Average CMS star rating:

1.83

Potential Hidden Profits:

\$13.26 million

Staffing levels (vs NJ non-profits):

Non-profits staff 39% higher

Staffing levels. On average, a resident in a home owned by the Rosenberg Family receives 3.35 HPRD. In recent comments on the federal minimum staffing rule, experts^{xi} recommended 4.2 HPRD, almost 51 more minutes per resident per day. The average non-profit nursing home in New Jersey staffs at 4.67 HPRD, 39% higher than the average Rosenberg home. Adequate staffing is crucial. Data shows that nursing homes with lower staffing are much more likely to be cited for resident abuse.^{xii} Rosenberg-owned nursing homes perform poorly on the CMS 5-Star rating system. They scored 1.83 overall stars, 3.5 stars in staffing, and 1.33 stars in health inspections.

The Rosenberg cost reports from 2021-2023 show related party transactions totaling \$24.9 million in Medicare allowable costs. Yet Rosenberg paid their related parties \$43.5 million, exceeding allowable costs by \$18.6 million. As noted, they are not required to explain why the payments exceeded the allowable costs, nor are they required to return the funds.

Over the three years, Rosenberg nursing homes paid \$33.6 million in rent and other real estate costs to related parties. At the same time, Rosenberg homes paid \$2.8 million in management fees to related parties. Using the findings from the Gandhi and Olenski paper, these payments could mean that \$13.26 million in profits was hidden in these related party transactions alone, almost doubling the profitability of these nursing homes. However, these are just estimates, because so much of the data necessary to make this determination is missing or incomplete in Medicare and Medicaid cost reports.

On 09/30/24 at 2:08 PM, the surveyor conducted a telephone interview with APN#2 who stated that Resident #313 was admitted to the facility without the proper trach[eostomy] supplies (inner cannula, ambu bag and extra trachs) and if the trach came out there would be no replacement at the bedside and at the facility. APN#2 stated the reason she sent Resident #313 to the ER on [DATE] was because the facility did not have the supplies at the facility and did not know when they would get the supplies. APN #2 stated she saw the resident again on 04/06/23 and the trach supplies were still not at the bedside (extra trachs and inner cannulas).

Department of Health & Human Services Statement of Deficiencies and Plan of Correction, 12/2/24
– Majestic Center for Rehab & Sub-Acute Care, p. 1.

Resident and Family Voices—Skimping on the Basics

“Where is the money going? It is clearly not going to the care, to the basics, like hydration. Residents are sent to the hospital because of dehydration. They don’t even pass out water in the afternoon. If you’re lucky you get it in the morning, and that’s from the sink where it’s brown.”

“The food is often cold and tasteless. It’s hard to enjoy my meals when they’re cold!”

“The past two food service directors have worked really hard to respond to the residents’ requests, but there’s not enough money from the corporate office.”

2 Marquis

This report evaluates 14 New Jersey nursing homes operated by Marquis between 2021 and 2023.⁶ Their cost reports reveal that they paid related parties \$89.72 million during those three years while reporting a profit of \$16.82 million. Again, we do not know how much of these payments were profit to the owners, but if only 5% of the related party payments represent profit, it would increase the profitability of Marquis homes by 27%.

How related party payments are used to make nursing homes look less profitable. One Marquis facility, Coral Harbor Rehab and Healthcare, reported a loss of \$60,400 over the three-year period. Yet during that same time, Coral Harbor paid \$8.1 million to related parties, including \$5.94 million in real estate payments. If 36% of these payments are hidden profit, as Drs. Gandhi and Olenski found, this could mean as much as \$2.14 million is hidden profit in these payments, which would bring Coral Harbor Rehab out of the red and have them show a profit of over \$2 million.

Across the chain, Marquis paid \$51.5 million in real estate-related expenses to related parties. Again, if we use the percentages from the Gandhi and Olenski study, these transactions could mean roughly \$18.56 million in profit was hidden in these transactions. As disclosed in a previous footnote (page 5), Marquis' federal cost reports do not clearly define any related party costs as management fees. However, matching related party payments are more clearly identified as management fees in Marquis' state reports. Using those reports as a guide, Marquis paid \$12.9 million in management fees from 2021 to 2023. Using the Gandhi and Olenski study's estimate, the management fees could represent another \$5.38 million in hidden profits.

Staffing Levels. On average, a nursing home resident in a Marquis home receives 3.18 HPRD, 39 minutes less than a resident in the average New Jersey home and 89 minutes less than a resident in the average New Jersey non-profit.

Unsurprisingly, Marquis underperforms on CMS 5-Star ratings, with an average overall rating of 2.57, a Health Inspection rating of 2.00, and a staffing rating of 2.43.

While Marquis reported \$89.7 million in payments to related parties during this period, it reported that only \$82.3 million were Medicare allowable costs, resulting an excess payment of \$7.4 million.

Marquis

Average CMS star rating:

2.57

Potential Hidden Profits:

\$23.94 million

Staffing levels (vs NJ non-profits):

Non-profits staff 47% higher

⁶ This report reflects cost report data for 14 nursing homes operated by Marquis as of 2023. According to CMS data, Marquis operates 18 nursing homes in New Jersey, but that includes three locations opened or acquired in 2024 and 2025 and one for which we there is no 2023 cost report available.

On 1/30/25 at 10:00 AM, the surveyor observed Resident #29 lying in bed, and the call bell on top of the bedside table out of reach of Resident #29. On 1/31/28 9:10 AM, the surveyor observed Resident #29 in bed, and the call bell was again observed on top of the bedside table. On 2/5/25 at 9:00 AM, the surveyor observed Resident #29 lying in bed and the call bell was hanging over the side rail, tucked underneath the mattress, and out of the resident's reach. The resident stated they knew how to use the call bell, but that they could not find it to demonstrate the process for the surveyor.

Department of Health & Human Services Statement of Deficiencies and Plan of Correction, 2/7/25 – Mount Holly Rehabilitation & Healthcare Center, p. 1.

Resident and Family Voices—Inadequate Staffing

“Staffing has always been horrible.”

“They are supposed to do incontinent rounds every 2 hours. We were with my mother from 12–8:30 [p.m.] and saw my mother’s roommate never even attended to. People came in, put the tray down, take the lid off, ‘Time for dinner,’ put it back, take it out, never turned, never checked, never changed. She also needs help eating... Nothing.”

So many times, someone comes into the room and says they’re not your aide, but they turn off the [call bell] light and it’s so long before anyone that will actually help shows up!”

3 Genesis

Genesis owns and operates 12⁷ nursing homes in New Jersey, according to CMS ownership information.

How related party payments are used to make nursing homes look less profitable. For 2021 through 2023, the Genesis homes reported a combined loss of \$32.2 million. Yet during that same period, \$73.2 million of their expenses were paid to related party companies, including \$12.4 million in rent or lease payments and \$17.8 million in management fees.

Drawing on the research of Drs. Gandhi and Olenski, Genesis could have tunneled as much as \$11.89 million in profits merely through lease payments and management fees. This would reduce the reported loss of these facilities by more than one-third, with still another roughly \$43 million in related party expenses to be investigated.

Genesis

Average CMS star rating:

2.75

Potential Hidden Profits:

\$11.89 million

Staffing levels (vs NJ non-profits):

Non-profits staff 41% higher

In addition, the real estate costs may be understated, which in turn underestimates the hidden profits. For instance, the 2023 federal cost report filed by a Genesis nursing home — Accelerate Skilled Nursing and Rehabilitation Center in Piscataway — accounted for \$5.4 million in lease payments and other real estate-related costs yet did not acknowledge them as related party payments. A 2023 cost report filed with the state of New Jersey, however, identified the lease payments as related party costs.

Staffing Levels. Genesis homes provide, on average, 3.31 HPRD. This is 81 minutes below the average non-profit New Jersey home and 31 minutes below the average New Jersey nursing home. Genesis homes perform less than average on quality metrics as well, with an overall 5-Star score of 2.75, health inspection rating of only 2.17 stars, and a 2.83 staffing rating.

Genesis filed for bankruptcy in July 2025, while this report was being compiled. In October, four members of Congress wrote to Genesis officials raising concerns about deteriorating conditions at their nursing homes and questioning whether the bankruptcy filing is a ploy to “wipe away Genesis’ debts and claims to victims and sell the company at a discount to insiders.”^{xiii}

On 11/22/24 at 8:34 AM, the surveyor and CNA #1 entered Resident #44's room and observed the alert and oriented resident in bed. CNA #1 exposed Resident #44's incontinence brief which revealed a bladder pad inserted within the incontinence brief, both saturated with urine. Resident #44 stated that their last diaper change was 10:30 PM, last night.

Department of Health & Human Services Statement of Deficiencies and Plan of Correction, 12/2/24. – Accelerate Skilled Nursing and Rehab Piscataway, p. 9.

Resident and Family Voices—Short on Quality, Quantity

“They’ve run out of Chux (incontinence pads). How can you be a nursing home and not have any? They run out of toilet paper, diapers, paper towels, hand soap in their rooms, disposable wash cloths.”

“We never get to go out to stores or trips. They have been saying they’re going to fix the van, but it’s been years now.”

“Some of the towels are so thin that they rip when I’m drying myself. That’s horrible and embarrassing!”

⁷ One of these homes, Accelerate Skilled Nursing and Rehab Piscataway, was purchased in December 2022, so we analyzed only one federal cost report (2023) for the three-year study period. This nursing home’s name was recently changed to Aviate at Piscataway.

Our Findings

The financial practices of these three chains mimic those of many for-profit nursing homes in New Jersey and across the country. Related party expenses, primarily rents and management fees, are used to funnel money through companies that share common ownership with the nursing facility. This practice potentially serves two purposes:

- 1) Tunneling, or hiding, profits.
- 2) Making the facility look less profitable.

While we cannot directly attribute related party expenses to low staffing and poor care quality, we can compare these for-profit chains to their non-profit counterparts. When we do, we find that for-profit homes staff, on average, much lower than non-profits and show poorer performance on quality metrics.

What can be done?

The COVID-19 pandemic and its disproportionate impact on nursing home residents led many states to take a closer look at how nursing homes spend taxpayer dollars. California, Connecticut, and Pennsylvania have implemented stricter Medicaid cost-reporting requirements. Legislation pending in New Jersey (S1948/A1872) would require heightened disclosure on Medicaid cost reports.

To ensure that taxpayer dollars go toward resident care, not hidden profits, New Jersey should:

- Pass S1948/A1872, which would require each nursing home to submit an independently audited, consolidated cost report annually that would include detailed financial information on all companies related to the operation of nursing homes.
- Mandate greater transparency and quality for any increase in Medicaid payment rates to nursing homes.
- Increase scrutiny of nursing home cost reports, including routine audits.
- Require nursing homes to show the value of what they received for payments made to related parties and document that those costs were reasonable.
- Make information on cost reports easily accessible to consumers.
- Encourage greater collaboration between the state Department of Health, Office of the State Comptroller, state Department of Human Services and the Long- Term Care Ombudsman to identify chains/facilities with quality concerns that warrant greater scrutiny.

Billions of taxpayer dollars meant for nursing home resident care disappear into an often-confusing web of shell companies and other businesses. Absent increased transparency and accountability requirements from state and federal governments, we will never know the actual cost of providing high-quality care to nursing home residents, nor how Medicare and Medicaid dollars intended for their care are spent.

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- ⁱ Medicare Payment Policy, MedPAC, March 15, 2024, https://www.medpac.gov/wp-content/uploads/2024/03/Mar24_Ch6_MedPAC_Report_To_Congress_SEC.pdf
- ⁱⁱ <https://www.documentcloud.org/documents/25145762-final-warren-sanders-blumenthal-schakowsky-follow-up-letter-to-for-profit-nursing-homes-re-exec-pay>
- ⁱⁱⁱ Gandhi, Ashvin and Olenski, Andrew, Tunneling and Hidden Profits in Health Care (March 2024). NBER Working Paper No. w32258, Available at SSRN: <https://ssrn.com/abstract=4762965>
- ^{iv} <https://www.medicare.gov/care-compare/?providerType=NursingHome>
- ^v Casson JE, McMillen J. Protecting nursing home companies: limiting liability through corporate restructuring. *J Health Law*. 2003 Fall;36(4):577-613. PMID: 15068276
- ^{vi} Gandhi, Ashvin and Olenski, Andrew, Tunneling and Hidden Profits in Health Care (March 2024). NBER Working Paper No. w32258, Available at SSRN: <https://ssrn.com/abstract=4762965>; Harrington, Charlene Mollot, Richard, et al., "United States Nursing Home Finances: Spending, Profitability and Capital Structure," *International Journal of Social Determinants of Health and Health Services*, 1-12, December 19, 2023, <https://pubmed.ncbi.nlm.nih.gov/38115716/>.
- ^{vii} Harrington, Charlene Mollot, Richard, et al., "United States Nursing Home Finances: Spending, Profitability and Capital Structure," *International Journal of Social Determinants of Health and Health Services*, 1-12, December 19, 2023, <https://pubmed.ncbi.nlm.nih.gov/38115716/>.
- ^{viii} Id.
- ^{ix} Ctrs. for Medicare & Medicaid Servs, U.S. Dept. of Health & Hum. Servs., Program Manuals §2102.3 (Rev. 454)
- ^x Caspi, E. (2023). Residents' Fear of Retaliation in America's Nursing Homes: An Exploratory Study. *Journal of Applied Gerontology*, 43(5), 497-514. <https://doi.org/10.1177/07334648231214413>
- ^{xi} https://theconsumervoice.org/uploads/files/general/Expert_comments_to_CMS_Minimum_staffing.pdf
- ^{xii} <https://theconsumervoice.org/wp-content/uploads/2024/05/Staffing-Matters.pdf>
- ^{xiii} https://www.warren.senate.gov/imo/media/doc/letter_on_genesis_healthcare_bankruptcy_10725.pdf