

National Organizations Support S. 647, The Nursing Home Transparency and Improvement Act, In Health Care Reform

June 17, 2009

Dear Senator:

We, the undersigned organizations, support S. 647, the Nursing Home Transparency and Improvement Act, sponsored by Senator Grassley and Senator Kohl, and we ask you to co-sponsor the bill and include it in health care reform legislation this year.

S. 647 is a good-government, no-cost bill that will increase public transparency of nursing home owners and operators—including nursing home chains—by requiring nursing homes to disclose the corporate entities that own them and the affiliated entities that operate, manage or control them. By implementing reporting requirements that show nurse staffing levels and turnover and retention patterns, as well as the amount nursing homes spend on direct care, the bill will provide American families and policymakers critical new information to evaluate the quality of services that are provided in nursing homes across the country. The bill will also make other quality-related information available to consumers; make it easier for family members to file complaints about poor care; and develop a model for independent government monitoring of nursing home chains.

S. 647 also requires facilities to include dementia management and abuse prevention training as part of pre-employment training, which is critical because individuals with dementia make up the majority of consumers who use such facilities. According to the Centers for Medicare & Medicaid Services (CMS), an estimated 70 percent of all nursing home residents have some degree of cognitive impairment.

The nursing home industry has changed dramatically in the 22 years since enactment of the landmark Nursing Home Reform Act (OBRA '87). According to a September 23, 2007 *New York Times* investigation, “Byzantine” structures, such as those employed by global private equity investors and large chains, have frustrated the efforts of state regulators to hold long term care facilities accountable for the quality of care they provide.

Large corporations, including multinational private equity investment firms, have set up layered entities to run their nursing homes and avoid accountability, often separating the real estate asset holdings from the operations. Such diffuse structures become even more complex—sometimes there are hundreds of entities involved—when employed by large chains, which can create numerous companies that effectively stand between the ultimate parent company and the facility-level licensee that provides care. These structures frustrate efforts by regulators and prosecutors to hold parent companies accountable for the care provided in their facilities, and obscure transactions and self-dealing between related parties. Even CMS has testified it does not know who owns all nursing homes in this country—despite the fact that the industry receives \$75 billion a year in federal Medicare and Medicaid funding.

OBRA '87 remains one of our country's strongest laws designed to protect the health, safety, and quality of life of elderly people and those with disabilities. But its effectiveness is hampered

by corporations' restructuring efforts to evade accountability. We share a deep concern that two decades after the passage of OBRA '87, the quality of care in many nursing homes remains below what we want for our family members and ourselves because the current regulatory framework fails to address questions raised by new ownership structures in the industry. To remedy this, we urge you to co-sponsor S. 647, and include it in health care reform legislation this year.

If you have questions, please contact Janet Wells, Director of Public Policy for NCCNHR: The National Consumer Voice for Quality Long-Term Care, at (202) 332-2275 or email jwells@nccnhr.org, or Susan Peschin, Vice President of Public Policy for the Alzheimer's Foundation of America, at (202) 466-0590 or email speschin@alzfdn.org.

Thank you for your consideration.

Sincerely,

Alzheimer's Foundation of America
American Association for Geriatric Psychiatry
American Federation of State, County and Municipal Employees
National Academy of Elder Law Attorneys
National Association of Social Workers
National Committee to Preserve Social Security and Medicare
National Consumers League
National Organization for Women
National Senior Citizens Law Center
NCCNHR: The National Consumer Voice for Quality Long-Term Care
OWL—The Voice of Midlife and Older Women
Project Lifesaver International
Service Employees International Union