

LONG TERM CARE COMMUNITY COALITION

Advancing Quality, Dignity & Justice

Joint Statement: MACPAC Report Calls for Increased Transparency in How Nursing Homes Spend Medicaid Dollars

Report Supports Nursing Home Resident Advocates' Call for Increased Transparency in Nursing Home Finances

January 6, 2023 – On January 3, 2023, MACPAC, a non-partisan legislative branch agency that provides policy and data analysis and makes recommendations to Congress on Medicaid programs, issued a [report](#) finding that without increased transparency in how nursing homes spend Medicaid dollars, it could not properly calculate the actual costs of providing care to Medicaid residents in nursing homes. As a result, MACPAC was not able to determine the adequacy of Medicaid payments to nursing homes. “This report mirrors President Biden’s call for increased scrutiny of nursing home finances, which were part of his historic nursing home reforms announced in February 2022,” said Toby Edelman, Senior Policy Attorney with Center for Medicare Advocacy.

The MACPAC report noted the difficulty of ascertaining costs by looking at data from nursing homes. The report stated, “it is difficult to use stated cost reports to compare payment rates and costs across states,” because states have varying definitions of what services a nursing home can be compensated for providing.

Additionally, the report noted it was unable to ascertain the effect of related party transactions on costs, finding that these transactions “may artificially inflate the costs reported on Medicare cost reports.” Because of the lack of transparency in nursing home cost reporting, the report concluded by calling for “additional payment and financing data at the facility level. Such data are needed to provide a complete understanding of all types of Medicaid payments to nursing facilities.” Richard Mollot, Executive Director for Long Term Care Community Coalition, commented, “For years we have known that nursing homes use related party transactions to not only hide how they take profits, but also to make their facilities seem less profitable.”

Importantly, the report looked only at base payment rates for nursing homes and did not account for supplemental payments that many states make to nursing homes. According to the report, these payments, “can substantially affect measures of Medicaid nursing facility payments relative to costs, but unfortunately, complete data on supplemental payments to nursing facilities are not yet available at the facility level.” The lack of access to supplemental payments added to MACPAC’s inability to accurately determine Medicaid costs and payments.

For years, independent researchers and nursing home resident advocacy organizations, including Consumer Voice, Center for Medicare Advocacy, and Long Term Care Community Coalition, have challenged the nursing home industry’s assertion that Medicaid payments are

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inadequate. Despite the lack of supporting evidence, the industry's claim has been accepted as fact by many federal and state policy makers. Advocates have repeatedly called for increased transparency in how current Medicare and Medicaid dollars are spent before more public money is given to nursing homes. The federal and state governments must require increased disclosure of related party transactions and other accounting hijinks nursing homes use to hide how they spend taxpayer dollars.

Consumer Voice Executive Director, Lori Smetanka said, "The MACPAC report confirms that until there is more transparency and accountability for current payments to nursing homes, facilities should not be given more public funds to fulfill their contractual obligations to residents, families, and taxpayers."