

SENIOR CARE POLICY BRIEF

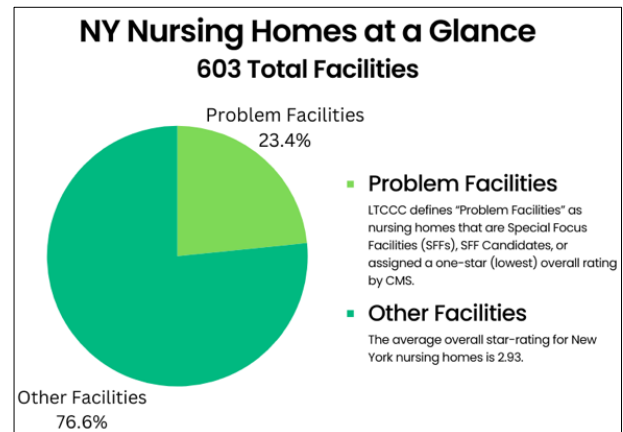
January 31, 2025

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STATE ACTIONS TO ADDRESS NURSING HOME FRAUD & ABUSE

- New York Attorney General James' [lawsuit against The Villages of Orleans Health and Rehabilitation Center](#) continues to unfold, following a recent ruling allowing significant claims to proceed, including allegations of fraud, misuse of Medicaid and Medicare funds, and excessive rent payments disguised as legitimate expenses. The lawsuit accuses the nursing home's operators of misappropriating \$18.6 million intended for resident care through complex related-party transactions, resulting in inadequate staffing and substandard care.
 - ⇒ The lawsuit reflects growing concerns about nursing home operators hiding profits, providing substandard care, and claiming that they have "razor-thin margins."
 - ⇒ The alleged misconduct here is emblematic of broader systemic issues in NY's LTC sector, where [22% of nursing homes hold the lowest federal quality rating](#).
- The *Buffalo News* reported that the [New York State Department of Health \(DOH\) issued significant fines](#) against several nursing homes for serious violations of minimum standards in 2024, including The Villages of Orleans (discussed above). Notably, six western NY nursing homes were penalized with \$46,000 in state fines. Those six nursing homes – **all one-star, for-profit facilities** – were also subjected to federal penalties totaling over \$311,000. Examples include:
 - ⇒ **Humboldt House Rehabilitation**: Fined \$12,000 for failing to prevent and report abuse.
 - ⇒ **Williamsville Suburban**: Fined \$10,000 for neglect leading to delayed treatment of a broken hip.
 - ⇒ **The Villages of Orleans**: Fined \$10,000 for medication errors.



GET THE FACTS

- A [study of over 80,000 U.S. nursing homes](#) found that the use of agency nurses is associated with lower quality ratings in the CMS Five-Star system. Researchers suggest that the transient nature of agency staff, coupled with increased turnover and lower familiarity with residents, may disrupt care continuity.
- [University of Missouri researchers found](#) that nursing home residents with dementia are more likely to experience unnecessary transfers due to communication challenges about their care preferences. The study highlights the need to incorporate dementia appropriate in age-friendly health system initiatives.

PRIVATE EQUITY AND NURSING HOMES: A TROUBLING TREND

- Despite [mounting evidence and numerous reports](#) highlighting the harmful effects of private equity (PE) in the healthcare sector, particularly in nursing homes, PE firms continue to acquire these facilities at an alarming rate.
 - ⇒ A [recent report](#) on a PE buyout of nursing homes in Iowa found that "fines against those homes... skyrocketed," raising serious concerns about quality of care.

Editor's Note: Due to a production delay, there was no January 15 issue of the *SCPB*.