

LONG TERM CARE COMMUNITY COALITION

Advancing Quality, Dignity & Justice

NURSING HOME FUNDING ADEQUACY IN NEW YORK

SEPARATING FACT FROM FICTION

POLICY BRIEF

Issue Overview

- New York nursing homes receive substantial public funding, primarily through Medicaid.
- The industry, primarily run by for-profit entities, has for years claimed that it needs higher Medicaid rates with no independently verifiable data to support this claim.
- Recent studies indicate that a large portion of revenues is too often diverted away from resident care toward hidden profits.
- NY Attorney General James' investigations have repeatedly identified millions in alleged fraud and self-enrichment.
- As a result, a facility may appear to have low profits when, in reality, those profits are concealed within inflated administrative costs and related-party transactions.
- Underreporting profits has long been a strategy to minimize taxes, reduce liability, and falsely strengthen claims for increased public funding.



Too many facilities fail to provide adequate care to residents while simultaneously generating significant profits. This underscores the urgent need for improved accountability rather than simply increasing Medicaid funding for operators.

Key Findings

1. Hidden Profits and Financial Misrepresentation:

- In its lawsuit to stop NY's modest spending requirements, [the industry self-reported over \\$500 million in excess annual income](#).
- *The New York Times* found that "[Care Suffers as More Nursing Homes Feed Money Into Corporate Webs](#)."
- A 2023 study revealed that [while nursing homes claim financial distress, the industry actually enjoys significant profitability](#) when non-cash expenses and disallowed costs are accounted for. Average profit margins are 8.84%, contradicting industry claims of razor-thin margins.
- A 2024 study found that "[63% of nursing home profits were hidden](#) and tunneled to related parties through inflated transfer prices."

2. Failure to Meet Care Standards:

- Despite receiving numerous Medicaid & Medicare increases over the years, almost half of NY nursing homes still fail to meet the state's modest safe staffing requirements.
- [80% of facilities](#) provide staffing levels below the [recommended 4.1](#) hours per resident per day, leading to preventable health issues such as pressure ulcers, infections, and falls.

3. Failure to Comply with State Laws Passed Following the COVID Pandemic:

- In response to a 2021 state law mandating that 70% of revenue be spent on resident care and limiting profits to 5%, over 200 nursing homes [filed a lawsuit](#) to overturn these regulations.
- This lawsuit highlights the industry's prioritization of financial gain over patient well-being, as the facilities involved reported over \$500 million in excess income in 2019 alone—funds that could have significantly improved care quality and nurse staffing levels.

[Syracuse Post-Standard](#): How troubled Syracuse nursing home fed \$60M into owner's corporate web



Policy Recommendations

1. Enforce Spending Requirements for Direct Care:

- Before throwing more taxpayer funds at the industry, implement the modest state law requiring nursing homes to allocate at least 70% of revenues to resident care.
- Impose stricter penalties, including funding clawbacks, for facilities that fail to meet spending and staffing benchmarks.

2. Enhance Accountability Measures:

- Establish a public reporting system on how much each nursing home spends on resident care and how much is spent on related-party transactions.
- Increase state enforcement actions, especially against repeat offenders, for failure to maintain adequate staffing levels and care quality.

The Long Term Care Community Coalition (LTCCC) is a nonprofit, nonpartisan organization committed to enhancing care and upholding the dignity of residents in nursing homes and assisted living facilities. Through data-driven research and policy analysis, LTCCC addresses key issues affecting residents and their families. Additionally, the organization offers a wealth of free resources and information on its website, www.nursinghome411.org.