



The National

**CONSUMER VOICE**

\_\_\_\_\_ for Quality Long-Term Care

---

# **Where Does All the Money Go? Exploring How New Jersey Nursing Homes Use Public Money**

---

Sam Brooks, Director of Public Policy

February 17, 2026

# About the Consumer Voice

*The leading national voice representing consumers in issues related to long-term care*

- ▶ **Advocate for public policies** that support quality of care and quality of life responsive to consumers' needs in all long-term care settings.
- ▶ **Empower and educate** consumers and families with the knowledge and tools they need to advocate for themselves.
- ▶ **Train and support** individuals and groups that empower and advocate for consumers of long-term care.
- ▶ **Promote the critical role** of direct-care workers and best practices in quality care delivery.

# WHERE DOES ALL THE MONEY GO?

EXPLORING HOW  
NEW JERSEY  
NURSING HOMES  
USE PUBLIC  
MONEY



- ▶ Released in 2025
- ▶ With support and expertise from:
  - ▶ NJ AARP
  - ▶ NJ Office of the State Long-Term Care Ombudsman
- ▶ [https://theconsumervoice.org/wp-content/uploads/2025/10/NJ-Report\\_Consumer-Voice\\_Where-Does-All-the-Money-Go.pdf](https://theconsumervoice.org/wp-content/uploads/2025/10/NJ-Report_Consumer-Voice_Where-Does-All-the-Money-Go.pdf)

# WHERE DOES ALL THE MONEY GO?

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



- ▶ From 2021-2023 New Jersey Nursing Homes paid related party companies nearly \$2 billion.
- ▶ Three chains examined in the report, comprised of 32 homes, paid roughly \$206 million to related parties over three years.
- ▶ Potentially \$49.1 million in profits hidden in real estate and management fees alone



# Rise of Related Parties

# Rise of Related Parties

- ▶ What is a related party?
  - ▶ A related party is a company doing business with a nursing home that has the same owners as the nursing home.
    - ▶ Real estate companies, management companies, staffing companies, laundry companies, etc.
- ▶ Arose in the early 2000s as a way to protect the assets of nursing homes from civil judgments.
  - ▶ Selling the physical plant to a real estate holding company, which then charges the facility rent, despite all owners being related.
  - ▶ Exploded as a way to funnel profits and make nursing homes look less profitable.

# ▶ Related Parties Continued

- ▶ CMS requires these transactions to be reasonable. Must be what would have been paid to an unrelated third party (arms-length).
- ▶ Although these transactions are reported annually, CMS does little to police these transactions.
- ▶ Neither CMS nor NJ gather sufficient information to determine whether these transactions are reasonable.
- ▶ In 2019, related party spending exceeded \$11 billion.

# Gandhi and Olenski Paper

- ▶ Tunneling and Hidden Profits in Health Care, 2024:  
<https://www.nber.org/papers/w32258>
- ▶ 68% of industry profits are hidden in related party transactions.
- ▶ 77% of all related party transactions are related to real estate and management fees.
- ▶ In 2001 related party transactions in IL totaled \$365.8 million. In 2021, it rose to \$806.7 million.



# Data Sources

# Data Sources

- ▶ Medicare cost reports. (CMS 2540-10). Filed annually by all nursing homes.
  - ▶ Notoriously unreliable. CMS does not regularly review these reports.
  - ▶ All the cost information we have at the federal level.
- ▶ Payroll-Based Journal.
  - ▶ Time records submitted to CMS by all nursing homes.
- ▶ CMS 5 Star Quality Data.
- ▶ For comparison, report uses non-profit homes.



# **NJ Chains Reviewed**

# NJ Chains Reviewed


- ▶ From 2021-2023 NJ nursing homes paid to related part companies nearly \$2 billion dollars.
- ▶ Report looked at three nursing home chains:
  - ▶ Marquis- 14 homes
  - ▶ Genesis-12 homes
  - ▶ Rosenberg Family – 6 homes
- ▶ Used 2024 quality and staffing data from CMS.
- ▶ 2024 cost reports were unavailable, so a look beyond 2023 was not possible.



**Genesis**

# Genesis

- ▶ \$73.2 million related party payments. Loss was \$32.2million.
- ▶ \$12.4 million in real estate related expenses. \$17.8 million in management fees.
  - ▶ Potentially \$11.89 million in hidden profits.
- ▶ Average five-star rating for nursing homes 2.75
- ▶ Average staffing per resident per day 3.31 (HPRD). 31minutes less than the average nursing home in NJ, 81 minutes than the average non-profit.
- ▶ Genesis currently going through the bankruptcy process. Highly structured and planned bankruptcy.



# **The Rosenberg Family**

# The Rosenberg Family

- ▶ \$43.52 million related party payments. Profit was \$7.9 million.
- ▶ \$33.6 million in real estate related expenses. \$2.8 million in management fees.
  - ▶ Potentially \$13.26 million in hidden profits.
- ▶ Average five-star rating for nursing homes 1.83
- ▶ Average staffing per resident per day 3.35 (HPRD). 31 minutes less than the average nursing home in NJ, 81 minutes than the average non-profit.

# The Rosenberg Family Continued

- ▶ How related party transactions make nursing homes look less profitable.
- ▶ Majestic Care Center reported a loss over the three-year period of \$675,400
  - ▶ During that same time, it paid related parties \$6.3 million, which all show up as expenses on the cost reports. \$4.83 million is rent payments to itself.
- ▶ From 2021-2023, Marquis reported \$43.5 million in related party payments, but claimed only \$24.9 million were Medicare allowable costs. An excess payment of \$18.6 million.



**Marquis**

# Marquis

- ▶ \$89.62 million related party payments. Profit was \$16.82 million.
- ▶ \$51.5 million in real estate related expenses. \$12.9 million in management fees.
  - ▶ Potentially \$23.94 million in hidden profits.
- ▶ Average five-star rating for nursing homes 2.57.
- ▶ Average staffing per resident per day 3.18 (HPRD). 39 minutes less than the average nursing home in NJ, 89 minutes than the average non-profit.

# ▶ Marquis Continued

- ▶ How related party transactions make nursing homes look less profitable.
- ▶ Coral Harbor Rehab reported a loss over the three year period of \$60,400
  - ▶ During that same time it paid related parties \$8.1 million, which all show up as expenses on the cost reports.
- ▶ From 2021-2023, Marquis reported \$89.7 million in related party payments, but claimed only \$82.3 million were Medicare allowable costs. An excess payment of \$7.4 million



# Quotes from Residents

# Quotes from Residents and Families

- ▶ “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.”

# Quotes from Residents and Families

- ▶ “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!”

# Quotes from Residents and Families

- ▶ “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!”



# Recommendations

# Recommendations

- ▶ Increased disclosure requirements at federal and state levels
  - ▶ S2980 in NJ would require increased disclosure of finances and ownership.
    - ▶ Being held up in the legislature.
    - ▶ Transparency should be tied to rate increases.
- ▶ Increase auditing of cost reports.
- ▶ Justification for related party payments.
- ▶ Medical loss ratio. A portion of every Medicare and Medicaid dollar must go to direct care. NJ has a law but it has been watered down by regulation allowing virtually all costs to be counted as direct care.
- ▶ Limit leveraging of nursing home properties through mortgages.

3

**Questions?**



The National  
**CONSUMER VOICE**  
for Quality Long-Term Care

---

# Connect with us!

---

- 🌐 [theconsumervoice.org](http://theconsumervoice.org)
- ✉ [info@theconsumervoice.org](mailto:info@theconsumervoice.org)
- f The National Consumer Voice for Quality Long-Term Care
- 🐦 @ConsumerVoices