



Issue in Brief: Nursing Home Finances

Problem:

A lack of financial transparency allows New Jersey nursing home owners to extract hidden profits by overpaying *related parties* — companies they own — for leases, management fees, and goods and services such as staffing, supplies, and the dietary department. These overpayments divert tax dollars away from resident care at the expense of the residents' dignity and quality of life.

Solution:

The Office of the Long-Term Care Ombudsman (LTCO) supports enactment of Bill [S2980/A4722](#), which requires robust reporting of nursing homes' finances and ownership structure, including audited financial statements that will show how much of the payments to related parties are actually spent on resident care.

Background:

Currently, nursing homes submit financial statements that provide self-disclosed details of payments to related parties with no independently verified information about how much those related parties spent for the services they were paid to provide.

Bill S2980/A4722 would require certified financial statements for nursing homes and any related parties engaged in their operations. The owners of multiple nursing homes would be required to submit independently audited statements that consolidate financial data across all of their nursing homes to show the fiscal health across their system.

Without that additional context, nursing homes can pay related parties higher than market rates for purposes such as property management, staffing, or dietary services. The inflated payments siphon money away from resident care into hidden profits. Industry groups then use this incomplete picture to tell policymakers every year that nursing homes are broke and need more public funds.

Medicare and Medicaid are primary sources of revenue for nursing homes. New Jersey's taxpayers deserve to know how every dollar of that money is spent.

Financial transparency would also enable state regulators to monitor the fiscal health of nursing homes to help prevent any possible closures or disruptions to residents and families.