

To: The House Committee on Health and Human Services

Submitted by Bernie Beaudreau, Executive Director, Senior Agenda Coalition of RI  
March 9, 2022

**Statement in Support of H7559 Re: Transparency of Ownership in health care facilities**

We want to thank Reps. Speakman, Carson, Morales, Kishlak, Cortvriend, Potter, Knight, Donovan and Fogarty for sponsoring this important bill.

The Senior Agenda Coalition of RI supports this legislation. We believe it will improve the conditions of nursing homes throughout the state by holding owners financially transparent and accountable for delivering higher standards of care. We support our state's need for well-managed and well-staffed nursing homes for whom home and community-based care options are not feasible.

According to CMS, the average number of nursing home patients July-September 2021 residing in Rhode Island's 73 nursing facilities was 6,269. The RI Department of Health Healthcare Quality Reporting Program Nursing Home Summary Report, updated July 1, 2021, provides a star-rating of Rhode Island's nursing homes based on staffing levels, health inspections and various quality (9 long-stay and 6 short-stay) measures assessed by Medicare.

This nursing home star-rating system used by Medicare indicates that **there is a wide range in the quality of nursing home care**. While one in five RI nursing homes are rated 5-stars, nearly half are rated 3 stars or less:

<b>Rhode Island Nursing Homes Star Rating</b>		
<b>as of 7/1/2021</b>		
Rating	Total	% of Total
5-star	16	21%
4-star	24	31%
3-star	17	22%
2-star	14	18%
1-star	6	8%
<b>TOTAL</b>	<b>77</b>	<b>100%</b>
Source: RI DOH Nursing Home Summary Report 8/2/2021		

Recent studies indicate that one factor impacting the quality of nursing home care is the ownership configuration of the nursing home business. According to a White House statement

issued on February 28, 2022<sup>1</sup>: Private equity firms have been buying up struggling nursing homes, and research shows that private equity-owned nursing homes tend to have significantly worse outcomes for residents. Private equity firms' investment in nursing homes has ballooned from \$5 billion in 2000 to more than \$100 billion in 2018, with about 5% of all nursing homes now owned by private equity firms. Too often, the private equity model has put profits before people—a particularly dangerous model when it comes to the health and safety of vulnerable seniors and people with disabilities.

The President's statement referenced a February 2021 National Bureau of Economic Research report<sup>2</sup> which found that after examining 18,000 nursing homes over a 17-year period that:

- private equity ownership increased excess mortality for residents by 10%,
- increased prescription of antipsychotic drugs for residents by 50%,
- decreased hours of frontline nursing staffing by 3%; and,
- increased taxpayer spending per resident by 11%.

The study suggest that an additional 20,150 lives were lost as a result of private equity ownership. According to the White House report, another study found that private equity-backed nursing homes' COVID-19 infection rate and death rate were 30% and 40% above statewide averages, respectively.

The passage of this legislation will make transparent the ownership structures and consolidated financial statements of certain Rhode Island nursing homes that have partnerships with real estate holding companies, private equity investors and other parent companies so they can be held accountable to deliver high-quality services for our population in need of nursing home care.

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<sup>1</sup> See: <https://www.whitehouse.gov/briefing-room/statements-releases/2022/02/28/fact-sheet-protecting-seniors-and-people-with-disabilities-by-improving-safety-and-quality-of-care-in-the-nations-nursing-homes/>

<sup>2</sup> See: <https://www.nber.org/papers/w28474>