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To: House Health & Human Services Committee
From: Karen Malcolm, Protect Our Healthcare Coalition (email: protectrihealth@gmail.com)
Date: April 23, 2025
Re: **SUPPORT H5426** – To improve nursing home ownership and financial oversight

The Protect Our HealthCare Coalition is a group of leading Rhode Island non-profits and consumer groups with a goal to protect, improve, and expand equitable access to quality, person-centered, affordable health care for all. The Coalition **supports House Bill H5426** which would require the disclosure of the transfer of certain assets of healthcare facilities and would provide penalties for failing to file healthcare facility ownership information. This is an important improvement to oversight of the state's nursing homes that would allow the state, our lawmakers, and the public to better follow the investments we make in our nursing home infrastructure and patient care.

As noted in a [2023 report by the National Consumer Voice for Quality Long Term Care](#)¹:

- Despite billions of dollars being funneled through related party companies (companies they own) each year, there appears to be little to no scrutiny by the federal government on how this money is spent.
- Nursing home owners and operators routinely pay their related parties in excess of reported costs, in some instances by nearly 1200%.
- Related parties make nursing homes look less profitable, while a closer look reveals that profits may be hidden in related party transactions.

Especially with the increase of private equity in nursing home ownership, “firms often employ intricate ownership structures, which can make it difficult to trace the flow of funds within nursing homes. They may transfer property assets, such as real estate, into separate entities, effectively leasing them back to the nursing homes at inflated rates.”²

These excessive lease payments – paid effectively to the owners themselves -- can drive nursing homes into receivership and eliminate nursing home beds from our already weak system. And worse, these profits over people tactics take our healthcare dollars away from actual care for our elderly and people with disabilities living in nursing homes.

According to the Rhode Island Medicaid Expenditure Report 2024, we spent \$374.7 million in Medicaid dollars on nursing facilities and hospice care in 2023.³ **It is critical that we demand accountability for the use of these state and federal dollars by closely examining the extraction of significant equity from any health facility.**

House Bill 5426 provides one common sense step we can take towards strengthening our oversight to improve the quality of care for our state's most vulnerable patients. We urge your support.

Thank you.

Protect Our Healthcare Coalition partners include: Economic Progress Institute, RIPIN, Mental Health Association RI, RI Health Center Association, Latino Policy Institute, Central Providence Opportunities: A Health Equity Zone (CPO-HEZ), United Way of Rhode Island, Senior Agenda Coalition RI, RI Medical Society, Planned Parenthood of Southern New England, SEIU Rhode Island Council, American Cancer Society Cancer Action Network, Leukemia/Lymphoma Society, RI Coalition for the Homeless, Rhode Island Working Families Party, Mental Health Recovery Coalition, RI Community Food Bank, RI Psychological Association, Substance Use & Mental Health Leadership Council, Rhode Island Coalition for Children and Families, HousingWorks RI, Rhode Island Organizing Project (RIOP), National Association of Social Workers RI Chapter, The Womxn Project, Advocates for Better Care

¹ <https://live-the-consumer-voice.pantheonsite.io/wp-content/uploads/2024/05/2023-Related-Party-Report.pdf>

² <https://seniorjustice.com/drain-of-funds-how-private-equity-siphons-money-out-of-nursing-homes/>

³ <https://eohhs.ri.gov/sites/g/files/xkgbur226/files/2024-09/FY%202023%20-%20RI%20Medicaid%20Expenditure%20Report%20FINAL%20%281%29.pdf>