



## Special Edition RI ARA E-Newsletter “Nursing Home Crisis In Rhode Island and across America.”



**RAISE  
THE  
BAR**  
ON RESIDENT CARE

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Rhode Island Alliance for Retired Americans

### How Did We Get Here???

"Understaffing in nursing homes is not a recent issue; it's a systemic problem that has existed for decades. The New York Times, in their 2018 investigation using CMS payroll data, uncovered that nursing homes have been consistently understaffed, especially during weekends and evenings. This became the unfortunate status quo, directly impacting the quality of care residents receive and highlighting the need for stringent enforcement of staffing regulations. It's clear in a pattern of negligence that prioritizes cost-saving over discuss solutions, we must what we're addressing is not events but a long-term, home industry."

"Let's turn our attention to the picture of nursing home 2022 to 2023, we've seen a serious deficiencies across

statistic; it represents real lapses in care and oversight. This dramatic rise can be linked to a period of leniency, where nursing home operators weren't held firmly to the safe staffing regulations set forth. This data is a call to action. It demonstrates the undeniable impact of enforcement on the quality of care provided to residents."

"In this critical overview of immediate jeopardy findings, we're confronted with the most severe infractions in nursing home care, which, alarmingly, include instances leading to resident fatalities. These findings aren't simply about procedural non-compliance; they highlight severe neglect and hazardous oversights that pose life-threatening risks to residents. From inadequate emergency responses to serious lapses in care, these situations demonstrate the devastating consequences that can ensue from understaffing and lax enforcement. As we review these findings, let us remember the individuals behind the data, whose lives are irrevocably impacted, and reinforce our commitment to advocacy for robust, enforced care standards."

"In Rhode Island, our nursing home landscape comprises 61 for-profit facilities and 13 nonprofits. The data presents a compelling narrative: nonprofit nursing homes consistently outperform their for-profit counterparts in delivering quality care. This is evidenced by the greater amount of caregiver time dedicated to each resident and higher average CMS star ratings among nonprofits. The contrast underscores a critical issue: the for-profit sector, driven by financial incentives, often falls short in meeting the care standards our elders deserve."

"There have been significant fines for fraud and care failures across for-profit nursing home chains. The industry, worth around \$150 billion and largely funded by taxpayer dollars, frequently sees these fines as a cost of doing business. These penalties represent more than financial misconduct; they signify a betrayal of trust in an industry charged with caring for our elderly. With so much of this industry's revenue coming from public funds, it is imperative we push for better oversight to ensure quality care over profit."

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### The New York Times

‘It’s Almost Like a Ghost Town.’  
Most Nursing Homes Overstated Staffing for Years

By Jordan Rau

*ITHACA, N.Y.—Most nursing homes had few nurses and caretaking staff than they had reported to the government for years, according to new federal data, bolstering the long-held suspicions of many families that staffing levels were often inadequate.*

intentional understaffing has quo, directly impacting the and highlighting the need for staffing regulations. It's clear in a pattern of negligence that compassionate care. As we remember this context — that just a consequence of recent ingrained practice in the nursing

data, which paints a concerning oversight in our state. From staggering 150% increase in nursing homes. This isn't just a

# CNAS MAKE PENNIES WHILE CEOS MAKE MILLIONS

“This slide paints a stark picture of the financial challenges faced by CNAs in our state. Despite their critical role in healthcare, many CNAs at for-profit nursing homes in Rhode Island start with wages that are disappointingly low. This has led to a staggering statistic: nearly half, 47%, of CNAs rely on public assistance to make ends meet. It's

Nursing Home	Owner	Star <sup>ing</sup> Wage	Star Rating
West Shore Health Center	Health Concepts LTD	\$14/hr	3
Elmhurst Rehab	Marquis/Tryko	\$17/hr	0
Bayberry Commons	Health Concepts LTD	\$20/hr	3
Summit Commons	Athena	\$20/hr	1

a clear indicator that the wages do not reflect the essential service they provide, nor do they support a decent standard of living. As we consider the future of healthcare, we must ask ourselves if this is the value we place on those who care for our most vulnerable.”

## ENTRY LEVEL, LOWER-STRESS JOBS

“Rhode Island has a high number of active, licensed CNAs (over 17,000), yet our nursing homes struggle to staff them. Why? The answer is on this chart. It illustrates the appeal of alternative, less stressful jobs that offer equal or better compensation.

Company	Job Title	Wage	Location
Aldi	Store Associate	\$18/hr	Cranston
Citizens Bank	Customer Service Representative	\$20/hr	Johnston
Starbucks	Shift Supervisor	\$20/hr	Providence
Domino's Pizza	Delivery Driver	\$21/hr	Pawtucket

For instance, Aldi's and Starbucks provide competitive pay without the demanding environment of nursing care.

Similarly, Citizens Bank and Domino's Pizza offer job opportunities that many CNAs find preferable. This situation prompts us to a pressing question: how do we make the nursing home sector enticing enough for these workers to return? It's crucial we explore strategies to enhance working conditions and pay in our nursing homes to compete with these attractive alternatives.”

## SELECT FOR-PROFIT CHAINS OPERATING IN RI: A PARTIAL LISTING

For-profit Chain	RI Facilities	Total Facilities	Avg Star Rating	HQ	Fraud & Care Failures: Lawsuits and Fines
Athena	5	41	1.7	CT	\$1.75 million fine for poor resident treatment
Marquis	7	61	2.9	NJ	\$1.75 million fine for poor resident treatment
Health Concepts	6	6	4.4	RI	\$2.2 million fine for defrauding veterans
Centers	3	31	1.7	NY	Alleged \$83 million Medicare fraud
Genesis	7	236	2.4	PA	\$53.6 million fine for fraud & poor care
Lifecare Centers	2	198	3.1	TN	\$145 million fine for Medicare fraud

“This chart reveals significant fines for fraud and care failures across for-profit nursing home chains. The industry, worth around \$150 billion and largely funded by taxpayer dollars, frequently sees these fines as a cost of doing business. These penalties represent more than financial misconduct; they signify a betrayal of trust in an industry charged with caring for our elderly. With so much of this industry's revenue coming from public funds, it is imperative we push for better oversight to ensure quality care over profit.”

## SNAPSHOT OF RHODE ISLAND NURSING HOMES

“In Rhode Island, our nursing home landscape comprises 61 for-profit facilities and 13 nonprofits. The data presents a compelling narrative: nonprofit nursing homes consistently outperform their for-profit counterparts in delivering quality care. This is evidenced by the greater amount of caregiver time dedicated to each resident and higher average CMS star ratings among nonprofits. The contrast underscores a critical issue: the for-profit sector, driven by financial incentives, often falls short in meeting the care standards our elders deserve

Home Type	# of Facilities	Avg Staffing Hours/Resident	Avg Star Rating
For-Profit	61	3 hours 34 minutes	2.6
For-Non-Profit	13	4 hours 20 minutes	3.8

## CONSEQUENCES OF UNDERSTAFFING IN RHODE ISLAND

**Serious Deficiency:** A violation identified during nursing home inspections that poses immediate risk to resident health or safety, indicating significant lapses in care quality or standards. Immediate Jeopardy.

Metric	% Increase from 2022 to 2023	2022	2023
Serious Deficiencies	148%	48	119
Immediate Jeopardy Findings	138%	16	38

**Finding:** A critical inspection outcome indicating a nursing home's condition or practice has placed a resident's health or safety in immediate danger, potentially leading to severe harm or death. The most severe violation in nursing home regulatory assessments.

## CONSEQUENCES OF UNDERSTAFFING IN RHODE ISLAND: *continued*

"Let's turn our attention to the data, which paints a concerning picture of nursing home oversight in our state. From 2022 to 2023, we've seen a staggering 150% increase in serious deficiencies across nursing homes. This isn't just a statistic; it represents real lapses in care and oversight. This dramatic rise can be linked to a period of leniency, where nursing home operators weren't held firmly to the safe staffing regulations set forth. This data is a call to action. It demonstrates the undeniable impact of enforcement on the quality of care provided to residents."

### IMMEDIATE JEOPARDY EXAMPLES

**Inadequate Supervision: Leads to increased risks like falls, unauthorized departures, and neglect.**

- Example: A resident, assessed as high-risk for falls, was left alone in the shower due to inadequate staffing and suffered a serious head injury after falling.

**Medication Errors: More frequent due to overburdened staff**

- Example: A resident was mistakenly given another resident's insulin dosage, leading to a fatal overdose.

**Compromised Care: Staff shortages cause delays or substandard medical treatment.**

- Example: A resident with severe abdominal pain was not timely assessed due to staff shortages, resulting in the resident's death from an undiagnosed intestinal issue.

"In this critical overview of immediate jeopardy findings, we're confronted with the most severe infractions in nursing home care, which, alarmingly, include instances leading to resident fatalities. These findings aren't simply about procedural non-compliance; they highlight severe neglect and hazardous oversights that pose life-threatening risks to residents. From inadequate emergency responses to serious lapses in care, these situations demonstrate the devastating consequences that can ensue from understaffing and lax enforcement. As we review these findings, let us remember the individuals behind the data, whose lives are irrevocably impacted, and reinforce our commitment to advocacy for robust, enforced care standards."

### PROFIT VS CARE: THE INDUSTRY NARRATIVE

- ◆ **Regulatory Complaints vs. Economic Reality**
  - Industry voices concerns over regulations and closures, yet continues to profit and invest millions of dollars in low-rated facilities.
- ◆ **Public Statements vs. Private Sector Confidence**
  - Despite public claims of adversity, the sector privately gears up for a windfall from the aging Baby Boomer population
- ◆ **Warehousing Seniors, Exploiting Workers**
  - Plans to "warehouse" seniors reveal a strategy focused on maximizing occupancy and profits, with little regard for the escalating need for a compassionate and skilled caregiving workforce.

"In this section, we're shedding light on the sharp contrast between what the for-profit nursing home industry says and what it actually does. Publicly, they complain about regulations and the threat of closures, but behind closed doors, they're not just surviving; they're thriving, pouring millions into facilities with poor ratings. It's a game of smoke and mirrors: voicing adversity while privately rubbing their hands in glee over the guaranteed profits from an aging Baby Boomer generation. And their strategy? It's cold and calculated: pack in as many seniors as possible, maximizing beds and profits, all while turning a blind eye to the growing demand for skilled and compassionate caregivers. This approach is not just about filling rooms; it's about warehousing our elders, reducing them to line items on a balance sheet, and exploiting the caregivers who are the backbone of care."

“Instead of doing something that’s a 1970s solution like a minimum staffing proposal, they need to be figuring out, ‘How can we take care of all these people in the whole healthcare spectrum with less nurses and less technicians, less radiologists?’ The policymakers are going to have to figure it out.”

Mark Parkinson, CEO  
American Health Care  
Association  
eCap Healthcare Summit  
February 13, 2024

"The for-profit nursing home industry is gearing up for a profit boom until 2040, driven by the expected rise in the elderly population. Yet, the industry's leadership, rather than addressing staffing shortages, scoffs at proven staffing models as outdated '1970s solutions.' A recent quote from an industry CEO encapsulates this: 'Instead of doing something that’s a 1970s solution like a minimum staffing proposal, they need to be figuring out, ‘How can we take care of all these people in the whole healthcare spectrum with less nurses and less technicians, less radiologists?’ The policymakers are going to have to figure it out.' This remark starkly reveals the industry’s preference for profit over people and pushes the burden of finding solutions onto policymakers, sidestepping their responsibility to provide adequate care."

### Eroding Care: Echoes of the Washington Bridge in Nursing Homes



"The Washington Nursing Home stands on fragile ground, with pillars that echo the deteriorating Washington Bridge. This image is Rhode Island—structurally unsound due to a lack of a cohesive plan. These pillars, cracking under the weight of neglect and mismanagement, are a stark visual of the care crisis we face. But there is a path forward. In the next slide, we will discuss our holistic approach, a plan designed to reinforce and revitalize these pillars, ensuring our nursing homes are not just structurally sound but are bastions of quality care and dignity for our seniors. Our strategy is comprehensive, addressing staffing, enforcement, and financial transparency, much like a bridge requires a solid foundation, reliable materials, and consistent maintenance to ensure safety and longevity."

"As we move from the image of the crumbling Washington Nursing Home, let’s look at our solution: a holistic approach to the nursing home crisis. Our comprehensive plan is built on three key pillars: the enforcement of safe staffing levels through the Nursing Home Staffing Quality Care Act, the empowerment and development of caregivers via the Workforce Standards Board, and stringent financial transparency to ensure accountability. This approach isn't just about patching up the cracks; it's about rebuilding from the ground up. By simultaneously addressing legislative, workforce, and financial aspects, we aim to transform the industry into one that upholds the dignity and safety of every resident and caregiver. It's a blueprint for a resilient and compassionate system of care, one that not only supports our seniors but also values the workers who dedicate themselves to this vital service. This holistic plan stands in clear contrast to the piecemeal efforts of the past, representing a unified, strategic effort to raise the bar on resident care across Rhode Island."

# The next part of our Special Edition E-Newsletter will be covered by Kathleen Gerard from Raise the Bar member organization Advocates for Better Care of Rhode Island."

## NURSING HOME WORKFORCE STANDARDS BOARD (WSB)

"Introducing the **Workforce Standards Board (WSB)** bill, aimed at enhancing both resident care quality and caregiver support through improved training and standards. Spearheaded by Senator Bridget Valverde and Representative Scott Slater, this legislation represents a crucial step forward. We're currently without bill numbers but will update you as soon as they're available. At this point, I'd like to give the bill sponsors an opportunity to talk about why they've decided to champion this legislation."

### WSB OVERVIEW

**The Rhode Island Nursing Home Workforce Standards Board (WSB) is modeled after successful legislation in Minnesota, aiming to significantly enhance care quality in nursing homes across Rhode Island. By developing and enforcing comprehensive care and workplace policies, the WSB is dedicated to creating a nurturing environment for residents and a supportive, equitable workplace for caregivers.**

"This overview highlights the Rhode Island Nursing Home Workforce Standards Board, or WSB, a promising new legislative model based on successful legislation in Minnesota. The WSB's mission is clear: to elevate the quality of care in nursing homes throughout our state. It seeks to do this by developing and enforcing policies that ensure comprehensive care for residents and equitable, supportive working conditions for caregivers. The WSB bill reflects our commitment to fostering a setting where residents thrive and caregivers are valued — a vital step towards the reform our nursing home system needs."

#### **The Nursing Home Workforce Standards Board (WSB) is composed of 13 members, including:**

- Secretaries or their designees from the RI Executive Office of Health and Human Services, Department of Health, Department of Labor and Training, and the Long-Term Care State Ombudsman.
- Three members representing nursing home employers appointed by the Governor.
- Three members representing nursing home workers appointed by the Governor.
- One member from a joint labor-management multiemployer nonprofit training fund appointed by the Governor.
- Two members representing community organizations working with the Medicaid population appointed by the Governor.

"The Workforce Standards Board is a body designed to represent a crosssection of interests in the nursing home sector. It comprises 13 members, each bringing a unique perspective to the table. This includes key government officials or their designees from the Executive Office of Health and Human Services, the Department of Health, the Department of Labor and Training, and the State Long-Term Care State Ombudsman, ensuring regulatory and policy expertise.

Additionally, there are six members directly involved with Governor. This ensures that both management and labor have a voice in shaping standards.

Moreover, one member comes from a joint labor-management training fund, bringing insights into workforce development, while two members from community organizations provide a direct link to the Medicaid population's needs and experiences.

This diverse assembly is tasked with creating a more equitable and effective environment in our nursing homes, reflecting our commitment to a holistic approach where all stakeholders work collaboratively to enhance care quality and support for residents and caregivers."

### WHY WE NEED A WSB

- **Profits Over Care:** For-profit nursing homes have been prioritizing profits for over three decades, intentionally understaffing and cutting corners to maximize returns at the expense of declining care quality for residents.
- **Exploitation of Taxpayer Dollars:** These homes misuse taxpayer funds without improving wages for caregivers or resident care quality.
- **Healthcare Hero Struggle:** Caregivers face poverty wages despite performing critical, demanding roles.
- **Weak Accountability and Voice:** Current systems fail to enforce care standards, financial transparency, or give caregivers and residents a significant voice in policy decisions.
- **Enforcement Gaps:** Existing regulations haven't effectively guaranteed quality care or fair working conditions.
- **Underutilized Workforce:** Despite having a historically high number of licensed CNAs, many choose employment outside healthcare, attracted by better pay for less hazardous work.

"This slide underscores the critical reasons behind the need for a Workforce Standards Board. For over three decades, for-profit nursing homes have made a habit of putting profits before people, often to the detriment of quality of care. They've achieved this by chronically understaffing facilities and cutting corners wherever possible. Simultaneously, these facilities have been exploiting taxpayer dollars without making any real improvements to caregiver wages or the quality of resident care. This misuse of funds is unacceptable, particularly when caregivers, our healthcare heroes, continue to earn poverty wages while undertaking demanding, critical roles.

Our current system's accountability is weak, and it fails to give a significant voice to those most affected: residents and their caregivers. Even with regulations in place, we see enforcement gaps that leave quality care and fair working conditions as ideals rather than realities.

Moreover, Rhode Island has a high number of licensed CNAs, but many are opting out of the healthcare sector. They're driven away by the prospect of better pay and less risky work elsewhere. This underutilization of a skilled workforce highlights the systemic issues at play.

The WSB is our proposed solution to these deep-rooted problems, aiming to establish and enforce standards that will uplift the caregiving profession and ensure our most vulnerable citizens receive the compassionate care they deserve."

## WHAT THE WSB DOES

- Sets Training Standards: Ensures comprehensive training for nursing home staff to meet the diverse care needs of residents.
- Depoliticizes Fund Allocation: Ensures that financial resources are allocated transparently and equitably, focusing on enhancing care quality rather than being influenced by political factors.
- Financial Oversight: Implements financial audits and monitoring to assure funds are appropriately allocated to care and staffing, promoting transparency.
- Promotes Caregiver Rights: Advocates for better working conditions and fair wages for nursing home staff, aiming to attract and retain a skilled workforce.
- Improves Care Quality: Dedicates to enhancing the quality of care through sufficient staffing and proper resource allocation.

"The Workforce Standards Board is pivotal in reshaping nursing home care by focusing on key factors that drive quality and efficiency. First, it emphasizes caregiver training to directly improve care quality. Well-trained caregivers are better equipped to meet the complex needs of residents, ensuring a higher standard of care.

The WSB also concentrates on supporting caregivers to attract and retain the skilled workforce needed in our nursing homes. By providing better working conditions and competitive wages, we can maintain a dedicated and professional staff.

Another crucial aspect of the WSB's work is the ability to review and analyze financial and payroll data. This data-driven approach allows for informed decisions, ensuring resources are effectively allocated to areas that will most benefit residents and staff.

Lastly, the WSB's structure is designed to remove the politics from decision-making. By focusing on data and expert input, the Board can make unbiased decisions that serve the best interests of residents and caregivers, rather than being swayed by external political pressures."

## WHAT THE WSB DOES NOT DO

- Direct Management: The board does not involve itself in the daily operational management of nursing homes.
- Set Specific Salaries: It influences wage standards but doesn't set individual staff salaries.
- Immediate Enforcement Actions: Operates within a structured regulatory framework, focusing on long-term improvements rather than instant enforcement.
- Replace Regulatory Bodies: Acts to complement, not replace, existing healthcare and labor oversight entities.
- Infringe on Residents' Rights: Ensures all actions and standards uphold the dignity and rights of nursing home residents, without direct intervention in their personal care plans or choices.

"This slide clarifies the scope of the WSB, outlining what it doesn't do to prevent any misconceptions. The Board isn't involved in the day-to-day management of nursing homes; its role is more about influencing policy than managing operations. It sets wage standards to guide fair compensation but doesn't determine individual salaries.

While the WSB operates within a regulatory framework, it focuses on driving longterm, systemic improvements rather than immediate enforcement actions. It's designed to work alongside existing healthcare and labor oversight bodies, enhancing rather than duplicating efforts.

Most importantly, the WSB respects residents' autonomy. It ensures that all actions and standards support the rights and dignity of nursing home residents, but it does not intervene in specific personal care decisions. This balance is crucial to uphold the quality of care without overstepping into the personal choices of residents.

The final part of our presentation will be covered by Sherman Pines of the Raise the Bar Coalition, who's a member of the Rhode Island Organizing Project and the Senior Agenda Coalition of Rhode Island."

## NURSING HOME FINANCIAL TRANSPARENCY ACT

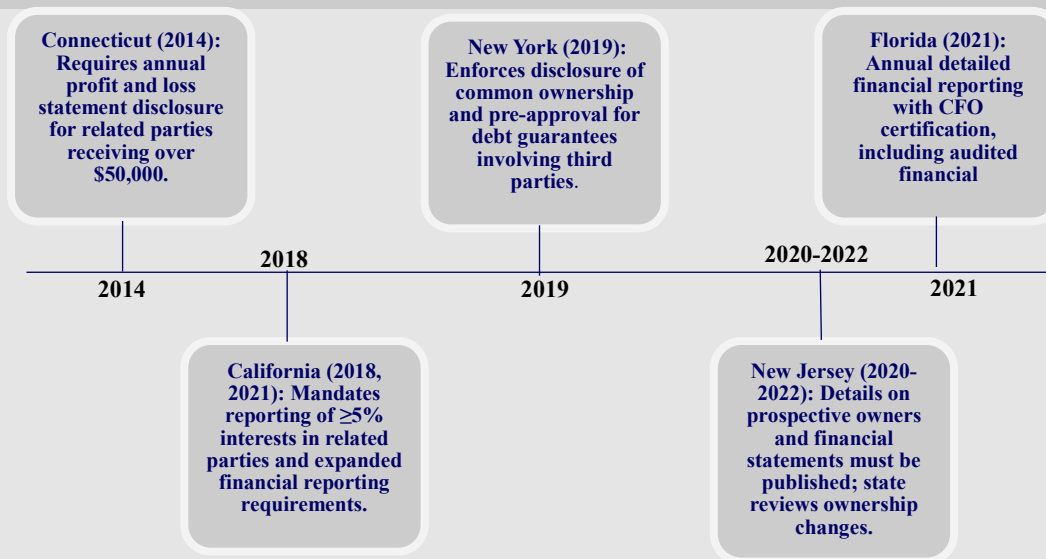
"We now introduce the Nursing Home Financial Transparency Act, a crucial step toward greater openness in the nursing home sector. Championed by lead sponsors Senator Dawn Euer and Representative Matt Dawson, this bill aims to ensure that financial practices within nursing homes are fully transparent and accountable to the public. As we currently await the assignment of bill numbers, rest assured that we will communicate these details as soon as they are available."

### Bill Overview

The bill, based on successful legislation in New Jersey, mandates nursing homes to fully disclose ownership and financials, requiring audited statements on income, expenses, and cash flows to be publicly accessible and submitted to the Department of Health, enhancing transparency and accountability.

"This legislation draws inspiration from successful models in New Jersey, aiming to bring a new level of transparency and accountability to Rhode Island's nursing homes. It mandates a full disclosure of ownership and financial details, ensuring that audited financial statements, including income, expenses, and cash flows, are not only submitted to the Department of Health but also made publicly accessible. This measure stands to significantly enhance the transparency of nursing home operations, allowing for more informed oversight and a greater understanding of how these facilities are managed and funded."

# NURSING HOME FINANCIAL TRANSPARENCY LAWS



"This timeline showcases the progressive steps taken by states to increase financial transparency within nursing homes. Starting in 2014, Connecticut set the stage by requiring the disclosure of profit and loss statements for related parties receiving significant payments.

California followed suit with legislation in 2018 and further enhancements in 2021, mandating the reporting of significant interests in related parties and expanding financial reporting requirements.

In 2019, New York took additional measures to enforce the disclosure of common ownerships and introduced financial controls on debt guarantees.

New Jersey's legislation between 2020 and 2022 emphasized the transparency of ownership details and financial statements, with the state actively reviewing changes in ownership. Lastly, Florida's 2021 law mandated detailed annual financial reporting with a requirement for CFO certification, including audited statements. These steps reflect a growing trend towards financial accountability, ensuring that funds are used to enhance resident care rather than being diverted elsewhere."

## WHY WE NEED FINANCIAL TRANSPARENCY

- ◆ Full Disclosure Mandate: Unveils the curtain on hidden ownership and financial interests, including elusive private equity stakes.
- ◆ Crackdown on Financial Gimmicks: Targets deceptive financial arrangements, compelling nursing homes to report genuine financial statuses and relationships.
- ◆ Safeguarding Public Funds: Puts an end to the longstanding genuinely contribute to patient care and facility improvements.
- ◆ Enhanced Public Oversight: Guarantees the public's right to access comprehensive financial and ownership information, promoting transparency.
- ◆ Correcting Historical Wrongs: Directly confronts over 30 years of financial sleight of hand by for-profit nursing homes, advocating for integrity in healthcare financing.

"The Financial Transparency Act directly challenges the decades-long opacity of for-profit nursing home chains, including those with private equity stakes.

This pivotal legislation mandates a full unmasking of ownership and finances, confronting the financial maneuvering that's long allowed these entities to prioritize profit margins over quality resident care.

By enforcing genuine financial reporting, we're dismantling the deceptive accounting that has misdirected taxpayer funds away from patient care and facility improvements. This transparency ensures that the public can hold these chains accountable, demanding that investments are indeed enhancing care.

This Act is about correcting a history of financial mismanagement by these for-profit chains, where private equity's involvement has advocating for a fundamental shift towards integrity and care-first principles in nursing home financing."

## COOKING THE BOOKS: ATHENA NURSING HOMES' HIDDEN RECIPES

<b>Nursing Home</b>	<b>Adj. total gross income</b>	<b>Payments to self &amp; related entities</b>	<b>Location</b>
<b>Heatherwood</b>	<b>\$ (455,881)</b>	<b>\$ 1,225,145</b>	<b>Newport</b>
<b>Oakland Grove</b>	<b>\$ 248,052</b>	<b>\$ 1,839,190</b>	<b>Woonsocket</b>
<b>Orchard View</b>	<b>\$ (288,908)</b>	<b>\$ 2,456,308</b>	<b>E Providence</b>
<b>Summit Commons</b>	<b>\$ (1,091,370)</b>	<b>\$ 2,303,321</b>	<b>Providence</b>
<b>Waterview Villa</b>	<b>\$ 52,712</b>	<b>\$ 1,554,946</b>	<b>E Providence</b>
<b>TOTAL</b>	<b>\$ (1,535,395)</b>	<b>\$ 9,378,910</b>	

"This slide exposes a concerning trend in financial reporting by Athena, a significant for-profit nursing home chain operating in our region. Athena's reports reflect an operating loss of \$1.5 million, a figure that, on the surface, suggests financial duress. However, a closer look reveals a different story.

What is often omitted from these reports are substantial payments, totaling \$9.3 million, made to related parties. This is a common tactic used to manipulate financial statements, creating an artificial depiction of loss while, in reality, funneling funds into entities within the same corporate family.

Such practices obscure the true financial health of these nursing homes and, more importantly, mask the potential diversion of funds away from resident care. It's a stark reminder of why rigorous financial transparency and oversight are essential—to peel back the layers of corporate financial engineering and ensure funds are dedicated to their rightful purpose: the care and well-being of residents."

We see real estate entities where nursing homes lease properties from related parties at inflated rates, escalating rent expenses and diverting funds from necessary care. Management companies within the same corporate family may charge exorbitant fees for their services, placing additional financial strain on resources meant for resident welfare. Additionally, these nursing homes frequently buy goods and services from related parties, like food and medical supplies, often at prices well above the market rate. These overpriced transactions diminish the nursing home's ability to allocate funds effectively, impacting the quality of care provided to residents.

These practices underline the dire need for financial transparency and reform. It's not just about financial accountability; it's about ensuring that public funds truly benefit those they are intended to serve—the residents."

## NURSING HOMES' REASONS FOR FINANCIAL JUGGLING

**Deter Legal Action:** By complexifying financial statements, nursing homes aim to dissuade attorneys from filing lawsuits by projecting an image of financial insolvency, thus appearing unprofitable for legal pursuit.

**Lobby for More Funding:** A more prevalent tactic involves portraying financial losses to federal and state legislators, thereby lobbying for increased funding through taxpayer dollars. This strategy has misled lawmakers for over three decades, securing unwarranted financial support under the guise of financial distress.

"This slide delves into the reasons nursing homes manipulate financial statements. Firstly, by complexifying accounts, they deter legal actions by appearing financially insolvent, discouraging lawsuits. Secondly, they portray losses to lawmakers, lobbying for more funding. This manipulation has misled legislators for decades, securing funding under false pretenses of distress."



# REAL REASONS BEHIND NURSING HOME CLOSURES

**Financial Mismanagement:** Owners and operators have engaged in financial mismanagement, including facing numerous lawsuits and fines for substandard care, committing Medicare/Medicaid fraud, and prioritizing personal profits over paying vendors.

**Rural Closures:** A significant number of closures occur in rural areas, exacerbated by decreasing local populations, making these facilities financially unsustainable.

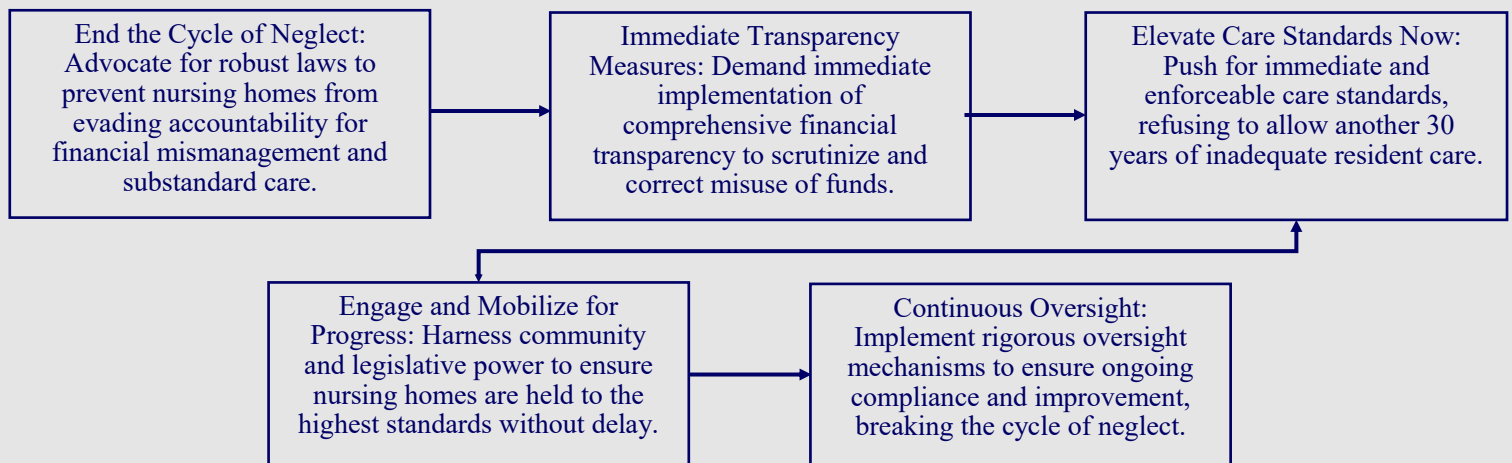
**Shift to Home Care:** Increasingly, individuals prefer remaining at home for care, driven by negative perceptions of nursing home quality and a desire for personalized care environments.

"This slide confronts the multifaceted reasons behind nursing home closures, beyond the surface-level explanations often provided. A key issue is financial mismanagement, where owners and operators have repeatedly faced legal repercussions for providing substandard care, committing Medicare and Medicaid fraud, and failing to pay vendors—all while lining their own pockets.

In rural areas, closures are more pronounced. Declining local populations mean a shrinking base of potential residents, leading these facilities to become financially unviable. It's a trend that reflects broader demographic shifts and challenges in healthcare delivery in less populated regions.

Moreover, there's a growing preference for home-based care. Negative perceptions of nursing home quality, coupled with the desire for a more personalized care environment, are driving more people to choose home care services over traditional nursing homes.

## FINAL TAKEAWAYS



"As we conclude, let's reflect on our key messages. Our goal is to break the persistent cycle of neglect in nursing homes. We must advocate for strong legislation that closes loopholes allowing financial mismanagement and substandard care. Transparency can't wait. We demand the immediate implementation of laws that bring financial dealings into the open, providing the scrutiny needed to correct the misuse of funds.

We also call for the elevation of care standards. It's not acceptable to wait decades for reform. Care standards must be enforceable and enacted now to ensure the wellbeing of nursing home residents.

It's essential that we engage and mobilize. This means harnessing the collective power of communities and legislators to mandate that nursing homes meet the highest care standards promptly.

Finally, we emphasize the need for continuous oversight. We must establish rigorous mechanisms to monitor compliance and promote ending the cycle of neglect.

## In Conclusion

**The information contained in this RI ARA Special Edition Nursing Home Crisis E-Newsletter proteins to the state of Rhode Island. However, it could be any state, city, or county in the United States.**

**We would like to thank Alex Moore, Political Director at SEIU 1199, Kathleen Gerard from Advocates for Better Care Rhode Island, and Sherman Pines from Newport, both members of the Raise the Bar Coalition**

# Anatomy of a two-week Skilled Nursing Facility (SNF) stay by John A. Pernorio, President, Rhode Island Alliance for Retired Americans



John A. Pernorio  
RI ARA  
President

On October 12, 2023, I was taken by North Providence Rescue to the Fatima Hospital ER. After some blood work, it was found that I had a bad blood infection, Cellulitis. I was admitted and treated for seven days.

On October 19<sup>th</sup> I was transferred to a (SNF) Heritage Hills Rehabilitation & Healthcare Center in Smithfield, Rhode Island. When I looked at the Star Rating from Medicare, it had a 4 Star Rating. *(I learned after I was discharged that their rating was lowered to a 2.6.)* I arrived there at 4 p.m. and was put into a room with another person who was dropped off at 1:30 that afternoon. At six o'clock neither of us had been attended to. We had no bed control or call button. I happened to catch the attention of a CNA walking by the room and asked if anyone was going to help us. This CNA, Shannon, was surprised that no one came in to help us. She jumped into action to help us with food, a call button, and bed control and alerted the nurse about us.

The next day I was transferred to a different room that had a long-term dementia patient in it. From that day and the next 14 days, it was hell there. I requested on multiple occasions to be transferred to a different room to no avail.

Let me start off by saying that the staff, CNAs Shannon, Alex, Eli, and Nurses Claudia and Lauren were great. Most nurses just passed out meds.

## Here are my complaints;

1. Staffing in SKF is inhumane. One CNA for 12 patients. Especially in the long-term wing.
2. I was on multiple occasions, left for up to one hour, and on one occasion, 5.25 hours in feces and urine-soiled briefs. Multiple times I had to call the phone number of the Facility to tell them that I had been waiting for help for over an hour. Nurses would come in turn off the call light and walk back out. Ten to fifteen minutes later, I would have to press the call button again.
3. Call buttons took anywhere from 30 to 60 minutes to be answered by CNAs. All the call buttons do is light a light outside the room. If your CNA is at the other end of the wing, no one will help you because you are not their patient.
4. Every shift of the 4 CNAs on my wing, a CNA would call out of work leaving three to take care of all the patients. If an agency was called for a Per diem replacement, they would not show up.
5. There is a very small therapy room. The therapy I was sent there for, PT & OT to do transfers from my wheelchair did not emulate any of the conditions that I have in my home and most of the sessions were a waste of time.
6. I missed 4 therapy sessions because I wasn't cleaned, dressed, and transferred to my wheelchair on time.
7. A patient could suffer a stroke, or heart attack, or be choking and die by the time someone came to help.
8. I give the SNF one star only because some staff really do care but are hampered by the lack of staffing. I was told by many staffers about the high turnover of CNAs because of the wages and working conditions. As I was told, who wants to clean soiled patients for \$15 an hour when they could flip burgers at McDonalds for \$20 an hour?
9. Many of the patients are elderly and are scared to complain for fear of retaliation.
10. Food was another issue.

## To sum up, if you have someone in any SNF, please be very vigilant about their care.

I would not under any circumstance recommend this SNF to anyone.

I contacted the RI Department of Health to file a complaint and after 2 months, I received a letter that they found no issues at Heritage Hills Rehab Center.

Talking to former SNF staff, I was told that the facility knows most of the DOH investigators and as soon as one appears, the word is spread thought-out the facility within seconds.