



Office of  
Ombudsman for  
Long-Term Care



March 12, 2024

**To:** Chair Hoffman and Members of the Human Services Committee

**From:** Alzheimer's Association, MN/ND Chapter, AARP Minnesota, Mid-MN Legal Aid, Minnesota Elder Justice Center, Office of Ombudsman for Long-Term Care, Office of Ombudsman for Mental Health and Developmental Disabilities

**Re:** Support for Chair Hoffman's bill SF 4580 (Increased Transparency in Related Party Transactions for Nursing Homes)

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Dear Chair Hoffman and Members of the Committee:

Our organizations are writing in strong support of Chair Hoffman's bill (**SF4580**) which protects vulnerable residents living in nursing homes by requiring transparency for nursing home ownership and related party transactions.

As nationwide and Minnesota specific reports of related party transactions increase in nursing homes, residents report experiencing lower quality of care. To ensure all the funds taxpayers and the lifetime savings residents are investing in their care are going to direct care worker wages and not to unnecessary expenditures, we strongly support the transparency measures created by this bill.

On-going care concerns from nursing home residents highlight the need to ensure these dollars are being spent appropriately:

- Residents report waiting for long periods of time (30 – 40 minutes to 2 hours or more) for responses to requests for help. Administrators in many nursing homes tell residents they are “fully staffed” when residents raise these concerns.
- Residents report receiving cold meals on a routine basis with low quality ingredients.
- Residents report a lack of activities or engagement. Outings, which occurred more frequently pre-pandemic, are still rare.
- Residents frequently wonder where their money goes when they pay their monthly bill to their nursing home.

Due to the prevalence and concerns raised by related party transactions, CMS (Centers for Medicare and Medicaid Services) has started instituting some transparency measures. While this is a good start, we recognize the need for more vigorous and state-specific information to ensure all owners of nursing homes are known and any related party transactions are reported. This is the first step to ensuring the significant investment in long-term care is being used appropriately.

Therefore, we urge lawmakers to support basic transparency for nursing home owners and related party transactions by supporting SF 4580.

A February 2024 article in McKnight's, a trade publication, indicated that just the added scrutiny on private equity investments in nursing homes reduced the number of private equity deals in 2023 by 16% ([Skilled nursing private equity deals declined significantly in 2023, but some signs point up - McKnight's Long-Term Care News \(mcknights.com\)](https://mcknights.com/skilled-nursing-private-equity-deals-declined-significantly-in-2023-but-some-signs-point-up/)). The transparency requirements in HF 4480 will allow Minnesotans to know if owners with concerning track records or high numbers of related party transactions are occurring in our nursing homes. This awareness itself can reduce the presence of concerning owners and related party transactions. This transparency will also alert the state if any next steps are needed to ensure taxpayers dollars are well-stewarded and residents paying privately for care are getting their money's worth. Ultimately, this proposal will help ensure the money going to nursing homes is being used to provide quality care, quality nutrition, and a high quality of life to residents.

Thank you in advance for your support of this important legislation.

Alzheimer's Association, MN/ND Chapter

AARP Minnesota

Mid-MN Legal Aid

Minnesota Elder Justice Center

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