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## **GAO report on for-profit nursing homes: deficiencies swell, direct care staffing declines, profit margins soar**

**WASHINGTON D.C.**— Today, Brian Lee, Executive Director of Families for Better Care, called the Government Accountability Office's (GAO) findings related to the quality of care in for-profit nursing homes acquired by private investment firms "predictably appalling."

Findings showed that overall deficiencies swelled, direct care staffing declined and profit margins ticked higher.

"It is troubling to learn that even with the preponderance of quality improvement initiatives, ombudsman advocacy work and government inspections (which providers often claim as 'burdensome' and 'overregulating') deficiencies continue to spike in these homes," said Lee. "It seems everyone knows that nursing home quality hinges on a high number of well-trained, direct care staff...everyone that is, but the nursing home industry."

The report (GAO-11-571) is the second government report that stems from a 2007 *New York Times* critique of the management of care and services conducted by private investment (PI) firms of massive nursing home conglomerates. The *Times* reported that resident care suffered in part from cutbacks on nurse staffing to increase profitability.

The new report also revealed that serious deficiencies went down and registered nursing hours went up. "It is encouraging to learn that serious deficiencies are declining in some of these nursing homes. This translates into fewer residents experiencing the agony of improperly treated bed sores, fewer medication errors and fewer resident elopements," said Lee.

But Lee and his group remain cautious about the mixed results, calling them "illusory."

"The positive results are analogous to a decrease in tragic car accidents all the while citations for speeding tickets and DUIs skyrocket. The potential for more significant problems for residents is reaching a boiling point," Lee commented.

Lee points out the increase in registered nurses and decrease in certified nursing assistants might signify a paradigm shift in for-profit homes. As state lawmakers contemplate further reductions to Medicaid budgets, more for-profit facilities are modifying their bed licensure structure to accommodate short-stay, post-acute care.

“Operators are trying to capitalize on higher Medicare rates that can pay as much as two or three times more than some state’s dwindling Medicaid rates, even with the recent Medicare rate correction. While this may temporarily offset a portion of Medicaid shortfalls, this strategy lessens the number of long-term care beds needed by a baby boomer population that will rise nearly 80% by 2030,” said Lee.

And now that we have two government auditing reports exposing the need for additional nursing home transparency, what is Congress going to do next to hold the industry more accountable to residents, taxpayers and consumers?

One idea would be to demand an immediate disclosure by the industry of its overall and aggregate organizational structures and profitability including, but not limited to, any nursing home corporations, limited liability companies, affiliated corporations, or private investment funds before cutting any more checks to the industry.

Until that happens, resident concerns will continue to take a backseat as the industry and policymakers battle over how many taxpayer dollars are really needed to supplement the pocketbooks of wealthy owners, all in the name of caring for our parents and grandparents.

*Brian Lee served as the State of Florida nursing home and assisted living resident ombudsman for most of the past decade. He now serves as the Executive Director of the long-term care resident advocacy group; Families For Better Care, Inc.*

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