

**Aging Life Care Association-New England Chapter
Greater Boston Legal Services
Massachusetts Advocates for Nursing Home Reform**

January 30, 2020

Secretary Marylou Sudders
Delivered by email to Marylou.sudders@state.ma.us
Executive Office of Health and Human Services
Chair, Nursing Facility Task Force
One Ashburton Place, 11th Floor
Boston, MA 02108

Dear Secretary Sudders:

We are writing as advocates for Massachusetts nursing home residents to express our strong support for:

1. performing an independent audit of MassHealth nursing home cost reports; and
2. implementing an 80(care)/20(administration) medical loss ratio.

We urge you to include this audit and 80/20 medical loss ratio in Nursing Home Task Force recommendations based on our concerns with potential MassHealth rate revisions for Massachusetts nursing homes, the recent financial failures of Skyline nursing homes, and the additional information noted below. Just yesterday, we met with Undersecretary Lauren Peters, Assistant Secretary for MassHealth, Daniel Tsai, and his team to present our views, and we greatly appreciate their time and attention to our perspective.

Although it has been presented that the MassHealth reimbursement rates are inadequate to maintain the cost of operating a nursing home, a different picture is portrayed by the following sample of opposing views:

- 3/27/16 Boston Globe, *A Pattern of Profit and Subpar Care at Mass. Nursing Homes*, Kay Lazar: "...On forms they submit to the state, nursing homes frequently report they are losing money. But that's only part of the story. A review of records from companies affiliated with the homes shows they are directing cash to subsidiaries and to help pay executives' six-figure salaries..."
- Providers have wide latitude on how they utilize MassHealth funds and other revenue, since there are no limits on self-dealing transactions or contracts; no set minimum required to be spent on resident care; no set minimum on staffing levels; and no ceiling on administrative costs.

Our organizations support performing an audit of nursing home MassHealth cost reports for several reasons:

- to determine the degree of MassHealth rate shortfalls and how best to implement a rate increase;
- to ensure that a reasonable level of funds is consistently maintained through a medical loss ratio.
- to better allocate public funds between nursing homes and community-based services; and
- to ensure that MassHealth/other funds are being utilized in the best interests of nursing home residents.

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We must take a close look at the true financial status of Massachusetts nursing homes to ensure that funds are being used to provide the highest practicable quality of care and quality of life for nursing home residents, the care facilities have pledged to provide in their licensure requirements. Therefore, to protect Massachusetts nursing home residents and provide the mandated care they deserve, we urge you to include in Task Force recommendations a transparent financial review of Massachusetts nursing homes and a meaningful medical loss ratio.

Thank you for considering our views.

Greater Boston Legal Services, on Behalf of Our Clients
Radhika Bhattacharya, Managing Attorney, Elder Health & Disability Unit

Massachusetts Advocates for Nursing Home Reform
Alison Weingartner, Executive Director
Arlene Germain, Policy Director

Aging Life Care Association – New England Chapter
Rebecca Wild-Wesley, Public Policy Chair

Cc: Daniel Tsai, Assistant Secretary of MassHealth	Daniel.Tsai@MassMail.State.MA.US
Lauren Peters, Undersecretary for Health Policy	Lauren.B.Peters@MassMail.State.MA.US
Susan Ciccariello	Susan.Ciccariello@MassMail.State.MA.US
Jacqueline Fratus	Jacqueline.Fratus@mass.gov
Whitney Moyer	Whitney.Moyer@state.ma.us
Meera Ramamoorthy	Meera.Ramamoorthy@MassMail.State.MA.US
Pavel Terpelets	Pavel.Terpelets@MassMail.State.MA.US