

**SENATE . . . . . No. 377**

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The Commonwealth of Massachusetts

PRESENTED BY:

*Patricia D. Jehlen*

*To the Honorable Senate and House of Representatives of the Commonwealth of Massachusetts in General Court assembled:*

The undersigned legislators and/or citizens respectfully petition for the adoption of the accompanying bill:

An Act relative to transparency and accountability in nursing homes.

PETITION OF:

NAME:	DISTRICT/ADDRESS:	
<i>Patricia D. Jehlen</i>	<i>Second Middlesex</i>	
<i>Mark C. Montigny</i>	<i>Second Bristol and Plymouth</i>	<i>1/30/2023</i>
<i>James B. Eldridge</i>	<i>Middlesex and Worcester</i>	<i>3/6/2023</i>

**SENATE . . . . . No. 377**

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By Ms. Jehlen, a petition (accompanied by bill, Senate, No. 377) of Patricia D. Jehlen, Mark C. Montigny and James B. Eldridge for legislation relative to transparency and accountability in nursing homes. Elder Affairs.

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The Commonwealth of Massachusetts

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In the One Hundred and Ninety-Third General Court  
(2023-2024)  
\_\_\_\_\_

An Act relative to transparency and accountability in nursing homes.

*Be it enacted by the Senate and House of Representatives in General Court assembled, and by the authority of the same, as follows:*

1 SECTION 1. Section 72 of chapter 111 of the General Laws, as most recently appearing  
2 in the 2020 Official Edition, is hereby amended, by inserting after said section 72, the  
3 following:-

4 Section 72 ½. Financial Transparency and Consolidated Financial Report.

5 (a) (1) Commencing with fiscal years ending December 31, 2025, an organization that  
6 operates, conducts, owns, manages, or maintains a nursing home or facilities licensed pursuant to  
7 105 CMR 150.000 shall prepare and file with the office, at the times as the office shall require,  
8 an annual consolidated financial report.

9 (2) The annual consolidated financial report required to be prepared pursuant to  
10 paragraph (1) shall be reviewed by a certified public accountant in accordance with generally  
11 accepted accounting principles and with the Financial Accounting Standards Board’s financial  
12 reporting requirements, with financial statements prepared using the accrual basis. If the

13 organization has prepared an audit by a certified public accountant of its annual consolidated  
14 financial report for any reason, that audit shall be filed with the office, and, in that instance, no  
15 review of the consolidated financial report shall be necessary. The reviewed or audited report, as  
16 applicable, shall, in addition to the requirements set forth in 105CMR 150.000 include, but not  
17 be limited to, the following statements:

18 (A) A balance sheet detailing the assets, liabilities, and net worth at the end of its fiscal  
19 year.

20 (B) A statement of income, expenses, and operating surplus or deficit for the annual fiscal  
21 period, and a statement of ancillary utilization and patient census.

22 (C) A statement detailing patient revenue by payer, including, but not limited to,  
23 Medicare, MassHealth, and other payers, and revenue center.

24 (D) A statement of cashflows, including, but not limited to, ongoing and new capital  
25 expenditures and depreciation.

26 (E) A combined financial statement that includes all entities reported in the consolidated  
27 financial report, unless the organization is prohibited from including a combined financial  
28 statement in a consolidated financial report pursuant to a state or federal law or regulation or a  
29 national accounting standard. When applicable, the organization must disclose to the office the  
30 applicable state or federal law or regulation or national accounting standard.

31 (3) In addition to the consolidated financial report, the following information shall be  
32 provided to the office as an attachment to the consolidated financial report:

33 (A) The financial information required by paragraph (2) of subdivision (a) from all  
34 operating entities, license holders, and related parties in which the organization has an ownership  
35 or control interest of 5 percent or more and that provides any service, facility, or supply to the  
36 skilled nursing facility.

37 (B) A detailed document outlining a visual representation of the organization's structure  
38 that includes both of the following:

39 (i) All related parties in which the organization has an ownership or control interest of 5  
40 percent or more and that provides any service, facility, or supply to the skilled nursing facility.

41 (ii) Unrelated parties that provide services, facilities, or supplies to the skilled nursing  
42 facility or facilities that are operated, conducted, owned, managed, or maintained by the  
43 organization, including, but not limited to, management companies and property companies, and  
44 that are paid more than two hundred thousand dollars (\$200,000) by the skilled nursing facility.

45 (b) The office shall post reports and related documents submitted pursuant to this section  
46 to its internet website.

47 (c) Any report, document, statement, writing or any other type of record received, owned,  
48 used, or retained by the office in connection with this section is a public record within the  
49 meaning of section 7, clause 20th of chapter 4 of the Massachusetts General Laws and is subject  
50 to disclosure pursuant to the Massachusetts Public Records Act, chapter 66 MGL.

51 (d) The office shall develop policies and procedures to outline the format of information  
52 to be submitted pursuant to this section. The office shall determine if the information submitted  
53 pursuant to subdivision (a) is complete, but shall not be required to determine its accuracy.

54 (e) For the purposes of this section, “related party” means a home offices; management  
55 organizations; owners of real estate; entities that provide staffing, therapy, pharmaceutical,  
56 marketing, administrative management, consulting, and insurance services; providers of supplies  
57 and equipment; financial advisors and consultants; banking and financial entities; any and all  
58 parent companies, holding companies, and sister organizations; and any entity in which an  
59 immediate family member of an owner of those organizations has an ownership interest of 5  
60 percent or more. “Immediate family member” includes spouse, natural parent, child, sibling,  
61 adopted child, adoptive parent, stepparent, stepchild, stepsister, stepbrother, father-in-law,  
62 mother-in-law, sister-in-law, brother-in-law, son-in-law, daughter-in-law, grandparent, and  
63 grandchild.

64 (f) This section shall not apply to an organization that has no related parties as defined in  
65 subdivision (e), except that the organization is required to submit a detailed document outlining a  
66 visual representation of the organization’s structure as set forth in subparagraph (B) of paragraph  
67 (3) of subdivision (a). Nothing in this section shall be construed to require a government entity  
68 license holder, that is not a related party, to file a consolidated financial report for a nursing  
69 home management company that operates under its license.

70 (h) Consistent with the reports and requirements required for subdivisions (a) to (e), all  
71 information submitted pursuant to this section shall be accompanied by a report certification  
72 signed by a duly authorized official of the health facility or of the health facility’s home office  
73 that certifies that, to the best of the official’s knowledge and information, each statement and  
74 amount in the accompanying report is believed to be true and correct.

75           SECTION 2. The Office of the State Auditor shall have full access to all reports filed in  
76 accordance with this section, and shall periodically report concerning the quality of care,  
77 financial practices, and statewide oversight of Massachusetts skilled nursing facilities. Said  
78 report shall be filed with the Joint Committee on Health Care Financing and the House and  
79 Senate Committees on Ways and Means.