



SB 650 (Stern) - Skilled Nursing Facilities Transparency

What is SB 650, and why do we need it?

SB 650 would close a loophole in existing law that requires Skilled Nursing Facilities (SNFs) to file an annual financial report, requiring that this report be a consolidated financial report, prepared by a CPA, that includes specified data from "related parties" that have a 5% or more interest in the SNF. The Office of Statewide Health Planning and Development would be required to post the reports so the public can identify information on how much money supports services versus owner profit.

Californians are paying more for SNFs than ever before, for fewer residents. Despite spending billions of dollars a year, complaints against facilities are at record highs and care is being sacrificed - some referring to it as abysmal. A 2016 UCSF study (Ross/Herrington) reported that 83.6 percent of SNFs were operated by for-profit owners in California and 74.7 percent were owned by chains, or operating more than one facility.

SNFs are using complex ownership structures to siphon unprecedented amounts of money to "related parties," allowing corporate home offices to hide their profits. These "related parties" include the SNF owner, for services like maintenance and nutrition. As public spending for SNFs grows, so do these side transactions to "related parties." From 2007 to 2015, payments to "related parties" have grown by 66 percent, now exceeding \$1 billion annually.

As a result, SNF residents - seniors and people with disabilities - are endangered as substantial funds that were to support resident care, including staffing, instead are profits that support the affluent lifestyle of the owners. These funds should be spent on quality services for the residents.

The public, residents, their families and loved ones have a right to know how much money is

Where is SB 650 in the legislative process?

SB 650 is in the Senate Appropriations Committee, no hearing date set yet.