

Op-Ed Draft: Financial Transparency Can Prevent the Next Long-Term Care Crisis

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Massachusetts has already seen what happens when healthcare systems are hollowed out by financial engineering. The Steward Health Care crisis did not begin with clinical failure. It began with asset stripping — real estate deals, debt loading, and management arrangements that drained operating hospitals of the resources needed to care for patients.

A similar risk now threatens our nursing homes. Today, nursing facilities submit cost reports that describe only what happens inside the licensed building. But many of the largest operators separate ownership into multiple companies: one that runs the facility, another that owns the real estate, and another that provides management services. Money flows out through rent and fees, while the nursing home itself reports “losses.”

When policymakers hear that Medicaid does not cover costs, they are often hearing only part of the story. The proposed amendments to 957 CMR 7.00, currently before the Center for Health Information and Analysis (CHIA), would finally require reporting from management companies and significant equity investors — the entities that actually control financial decisions. This is not bureaucratic overreach. It is basic accountability.

Some critics argue that expanded oversight will cost the state more money. But modern regulatory agencies already use automated tools to flag missing data, abnormal ratios, and financial patterns associated with distress. Oversight does not require massive new staffing; it requires smarter use of data we already collect.

What truly costs taxpayers is collapse.

Massachusetts has approximately 30,000 nursing facility residents. If even ten percent of beds were disrupted by financial failure, thousands of medically fragile residents would be displaced. Hospitals would absorb the shock through emergency admissions and prolonged emergency department boarding. Medicaid spending would spike. Families would scramble for placements. The state would face emergency management and stabilization costs. This is not speculation. We have seen this cycle before, both in nursing home bankruptcies and most recently in hospital system failures.

Financial transparency is not about punishing providers. It is about preventing crises before they reach residents, hospitals, and taxpayers. It allows regulators to identify

unsustainable financial practices early, when intervention is still possible and care continuity can be preserved.

Good nursing homes — including nonprofit and mission-driven providers — benefit from transparency because it distinguishes responsible operators from those whose business models depend on extraction rather than care. Massachusetts can lead the nation by treating financial oversight as a public health tool. The proposed amendments to 957 CMR 7.00 should be adopted in their strongest form, and the data collected should be used to link financial practices with staffing and quality outcomes.

If we fail to act, we should not be surprised when the next healthcare crisis begins — not in emergency rooms, but quietly in corporate balance sheets, far from public view.