

REPORT HIGHLIGHTS



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Four States Implemented Different Nursing Home Minimum Spending Requirements Related to Resident Care, and Three of These States and Some Nursing Homes Experienced Challenges

Why OIG Did This Audit

- According to Medicaid payment transparency reporting requirements, beginning in 2028, States must report to CMS annually, by facility, the percentage of Medicaid payments that are spent on compensation for direct care workers and support staff for services provided by Medicaid-certified nursing facilities (nursing homes).
- Although there is currently no Federal minimum spending requirement, as of January 2026, four States (Massachusetts, New Jersey, New York, and Pennsylvania) had established minimum spending requirements related to resident care for nursing homes.
- This audit determined how the four States have implemented nursing home minimum spending requirements related to resident care and identified challenges that the four States and selected nursing homes in those States have experienced in implementing and complying with those requirements.

What OIG Found

- Each of the four States implemented its own nursing home minimum spending requirements related to resident care. Specifically, each State required nursing homes to spend at least a set percentage of revenues, expenses, or costs on resident care (i.e., minimum spending threshold) and calculated the spending percentage using different financial figures.
- Three of the four States identified challenges that they experienced in implementing minimum spending requirements, such as difficulties in collecting data from nursing homes and a lack of audited data to calculate the minimum spending percentages. In addition, there were some selected nursing homes in each of the four States that experienced challenges in complying with the requirements, such as staffing shortages and difficulties in gathering and reporting the required data to the State due to time constraints.

What OIG Recommends

We recommend that CMS consider the information in this report as it implements Federal Medicaid payment transparency reporting requirements for nursing homes, and in any future rulemaking, should it decide to implement a minimum spending requirement.

CMS concurred with our recommendation.