



DEPARTMENT OF HEALTH

Wes Moore, Governor · Aruna Miller, Lt. Governor · Laura Herrera Scott, M.D., M.P.H., Secretary

January 24, 2024

The Honorable Guy Guzzone
Chair, Budget and Taxation Committee
3 West
Miller Senate Office Building
Annapolis, Maryland 21401

RE: SB 328 – Funding for Wages and Benefits for Nursing Home Workers (Nursing Home Staffing Crisis Funding Act of 2024)

Dear Chair Guzzone:

The Maryland Department of Health (MDH) respectfully submits this letter of opposition for Senate Bill (SB) 328 – *Funding for Wages and Benefits for Nursing Home Workers (Nursing Home Staffing Crisis Funding Act of 2024)*. SB 328 increases the percentage reimbursement rate for providers of nursing home services, medical day care services, private duty nursing services, personal care services, home and community-based services, and services provided through the Community First Choice Program in fiscal year (FY) 2026, 2027, and 2028. The bill also requires nursing homes to submit annual cost reports to MDH demonstrating that the rate increase was used to fund wage increases for workers. Seventy-five percent of the funding increase must be used to fund wages and benefits for workers. MDH would be required to review the reports and act upon non-compliance.

SB 328 will result in substantial financial impact to MDH. Overall, the implementation of SB 328 will require \$1.201 billion in total funds (\$601 million federal funds, \$601 million state general funds) in fiscal years 2026 through 2029.

Annual rate increases of 8% required in FY 2026 through FY 2028 will drive the majority of the legislation's fiscal impact, a total of \$1.198 billion total funds (\$599 million federal funds, \$599 million state general funds). As SB 328 requires MDH to oversee nursing home cost reporting requirements, MDH will need to increase its staffing to provide program integrity and compliance services. This will cost an additional \$2.9 million in total funds (\$1.45 million federal funds, \$1.45 million state general funds). An audit contractor will also be needed to review the submitted nursing home cost reports, costing \$780 thousand in total funds (\$390 thousand federal funds, \$390 thousand state general funds). If the nursing homes require technical assistance, the billable hours will increase, increasing total costs.

The Honorable Guy Guzzone
January 24, 2024
Page 2

While MDH sets reimbursement rates for the services rendered by Medicaid providers, it does not have any role in setting wages or benefits paid to their employees. Enforcement of laws that protect workers' rights fall outside MDH's purview and are subject to oversight by other state and federal agencies. MDH further believes that the mandate requiring agencies to pay a certain hourly rate and report on their compliance would fall outside the scope of its authority and would be subject to oversight by other state and federal agencies.

MDH notes that in situations of non-compliance where lesser sanctions are ineffective and may warrant revocation of nursing home licensure, the Office of Health Care Quality (OHCQ), which oversees nursing home licensure, would be responsible for enforcement.

If you would like to discuss this further, please do not hesitate to contact Sarah Case-Herron, Director of Governmental Affairs at sarah.case-herron@maryland.gov or (410) 260-3190.

Sincerely,

A handwritten signature in blue ink, appearing to read "Laura Herrera Scott".

Laura Herrera Scott, M.D., M.P.H.
Secretary