SB 655

Department of Legislative Services

Maryland General Assembly
2010 Session

FISCAL AND POLICY NOTE

Senate Bill 655 (Senator Lenett)
Finance Health and Government Operations

Task Force to Study Financial Matters Relating to Long-Term Care Facilities - Extension

This bill extends the termination date of the Task Force to Study Financial Matters Relating to Long-Term Care Facilities by two years from June 30, 2010 to June 30, 2012. The bill also extends by two years the dates by which the task force must submit its interim and final findings and recommendations to July 1, 2011 and June 1, 2012, respectively.

The bill takes effect June 1, 2010.

Fiscal Summary

State Effect: Given the State's fiscal difficulties, agency budgets have been constrained. Although the Department of Legislative Services (DLS) can handle the staffing requirement with existing budgeted resources, limited staff resources may have to be diverted from other responsibilities. Revenues are not affected.

Local Effect: None.

Small Business Effect: None.

Analysis

Current Law: Chapter 672 of 2008 established the Task Force to Study Financial Matters Relating to Long-Term Care Facilities, staffed by DLS.

The task force is required to study financial matters relating to long-term care facilities, including whether there are trends in ownership of long-term care facilities; any ownership trends impact quality of care; the Department of Health and Mental Hygiene should assert limitations or restrictions on certain types of ownership; current laws governing ownership of long-term care facilities should be amended; and long-term care facilities should be required to have liability insurance. The task force also has to study funding mechanisms for implementing any recommendations that would require a State agency or division to acquire specific resources or expertise to address. Members of the task force may not receive compensation but are entitled to reimbursement for expenses under standard State travel regulations. The task force must submit an interim report by July 1, 2009, and a final report by June 1, 2010.

Background: In recent years, private investment firms have bought some of the nation's largest nursing home chains. In October 2007, officials in five states expressed concern about the Carlyle Group's then planned $6.3 billion acquisition of HCR Manor Care, the nation's largest nursing home chain, prompting a congressional investigation of business practices at nursing homes owned by private investment firms. The acquisition was finalized on December 31, 2007. Scrutiny of this acquisition practice has increased in Maryland as Manor Care owns 15 skilled nursing facilities, 9 assisted living facilities, and 3 home care and hospice offices in the State.

Concerns have been raised as to whether the quality of nursing home care has declined as a result of private investment purchases of nursing homes. However, a study reported by Harvard Medicine in September 2009 showed that, in general, private equity purchases of nursing homes had not caused quality of care to decline.

The task force has yet to convene, and members were not appointed until January 2010.

Additional Information

Prior Introductions: None.

Cross File: HB 384 (Delegate James, *et al.*) - Health and Government Operations.

Information Source(s): Department of Health and Mental Hygiene, Harvard Medical School, Department of Legislative Services

Fiscal Note History: First Reader - February 14, 2010
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