

Department of Legislative Services
Maryland General Assembly
2023 Session

FISCAL AND POLICY NOTE
Third Reader - Revised

House Bill 702

(Delegate Kerr, *et al.*)

Health and Government Operations

Finance

Health Care Facilities - Nursing Homes - Acquisitions and Licensure

This bill requires the Maryland Health Care Commission (MHCC), when evaluating a notice of acquisition or transfer of interest of a nursing home, to provide specified written findings and recommendations to the Office of Health Care Quality (OHCQ). The Secretary of Health must consider MHCC’s findings and recommendations before taking action to approve, deny, approve with conditions, or revoke a nursing home license. By December 1, 2023, MHCC, in consultation with specified stakeholders, must (1) complete a specified study regarding the expansion of the Certificate of Need (CON) program over the acquisition of nursing homes and (2) submit a specified report to the Senate Finance Committee and the House Health and Government Operations Committee. **The bill’s provisions relating to the required study and report take effect July 1, 2023.**

Fiscal Summary

State Effect: The bill’s requirements can be handled with existing budgeted resources. Revenues are not affected.

Local Effect: None.

Small Business Effect: Minimal.

Analysis

Bill Summary: When evaluating a notice of acquisition or transfer of interest of a nursing home, the findings and recommendations from MHCC must include:

- the quality ratings of facilities currently or previously owned, within or outside the State, by the purchaser, as specified;
- for the immediately preceding three-year period, for facilities currently or previously owned, within or outside the State, by the purchaser: (1) evidence that facilities maintained quality assessment and assurance committees that met at least quarterly; (2) inspection of care reports and corrective action plans; (3) licensing and certification surveys and corrective action plans; and (4) lawsuits or arbitration filings by any patient or patient representative against facilities;
- the tax identification number of each purchaser;
- the personal Centers for Medicare and Medicaid Services certification number of each purchaser; and
- a summary of the findings and the basis for the recommendations.

Current Law: A nursing home is a facility that offers nonacute care to patients suffering from a disease, chronic illness, condition, disability of advanced age, or terminal disease requiring maximal nursing care without continuous hospital services. In Maryland, nursing homes are licensed by OHCQ within the Maryland Department of Health (MDH).

MHCC is an independent commission within MDH with a mission to plan for health system needs, promote informed decision making, increase accountability, and improve access in a rapidly changing health care environment by providing timely and accurate information on availability, cost, and quality of services to policymakers, purchasers, providers, and the public.

Certificate of Need

The CON program, located within MHCC, requires review and approval of certain types of proposed health care facility and service projects by MHCC, including before a person acquires a health care facility, with specified exceptions. A CON is not required for acquisition of a health care facility if, at least 30 days before making the contractual arrangement to acquire the facility, written notice of intent is filed with MHCC and MHCC finds, within 30 days of receipt of the notice, that the health services or bed capacity of the facility will not change.

As part of the nursing home licensure process, the person acquiring a nursing home must also provide MDH with written notice of the acquisition or change in the operator of a nursing home at the same time the written notice of intent is filed with MHCC.

Nursing Home Ownership Interest

A nursing home must include in the application for licensure the identify of any person with an ownership interest in a nursing home and any management company, landlord, or other business entity that will operate or contract with the applicant to manage the nursing home. If there are any changes to this information, a nursing home must notify MDH within 30 days after the effective date of the change. On review of the required ownership information, (and other information that affirmatively demonstrates an applicant's ability to comply with specified standards) the Secretary of Health may approve or deny a nursing home license application, as specified, or revoke a license to operate a nursing home.

Additional Information

Prior Introductions: Similar legislation has not been introduced within the last three years.

Designated Cross File: SB 509 (Senator Augustine, *et al.*) - Finance.

Information Source(s): Maryland Department of Health; Department of Legislative Services

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