

Department of Legislative Services
Maryland General Assembly
2026 Session

FISCAL AND POLICY NOTE
First Reader

Senate Bill 240

(Senator Lewis Young)

Finance

Office of Health Care Quality Stakeholder Advisory Council - Establishment

This bill establishes the Office of Health Care Quality (OHCQ) Stakeholder Advisory Council in the Maryland Department of Health (MDH) to (1) provide feedback to OHCQ from stakeholders regarding maintaining oversight of health care facilities and (2) notify the Secretary of Health if OHCQ is reported negligent in providing oversight of health care facilities. MDH must provide staff for the advisory council. Beginning January 1, 2027, the advisory council must hold a virtual public meeting once every six months. By December 1, 2027, and annually thereafter, the advisory council must report its findings and recommendations to the Governor and the General Assembly.

Fiscal Summary

State Effect: MDH general fund expenditures increase by at least \$51,900 in FY 2027 to staff to the advisory council, as discussed below. Future years reflect annualization and ongoing costs. Revenues are not affected.

(in dollars)	FY 2027	FY 2028	FY 2029	FY 2030	FY 2031
Revenues	\$0	\$0	\$0	\$0	\$0
GF Expenditure	51,900	58,300	61,200	64,000	66,900
Net Effect	(\$51,900)	(\$58,300)	(\$61,200)	(\$64,000)	(\$66,900)

Note: () = decrease; GF = general funds; FF = federal funds; SF = special funds; - = indeterminate increase; (-) = indeterminate decrease

Local Effect: None.

Small Business Effect: None.

Analysis

Bill Summary:

Membership of the Advisory Council

The advisory council comprises: (1) one member of the Senate; (2) one member of the House of Delegates; (3) the Secretaries of Health and Aging (or their designees); (4) a representative from the Maryland Attorney General's Health Education and Advocacy Unit (HEAU); (5) the following members appointed by the Secretary of Health: two frontline hospital workers, two nursing home workers, two nursing home residents or individuals with a family member in a nursing home, one representative from the long-term care industry, one member of an advocacy group for the intellectually and developmentally disabled, and one member of an advocacy group for behavioral health; (6) one representative of the Maryland Hospital Association; and (7) several members designated by the organization the individual represents.

The term of a member is two years. The director of OHCQ must select the chair of the advisory council. The term of the chair is two years. A member of the advisory council may not receive compensation as a member of the advisory council.

Virtual Public Meetings

Each public meeting of the advisory council must be streamed live through the department's website and include a designated opportunity for public comment.

At each public meeting, OHCQ must report data from the immediately preceding six-month period regarding (1) the number of hospitals actively monitored, nursing homes inspected, complaints received from hospital patients and long-term care residents, and code violations identified in each facility; (2) the average length of time for OHCQ to respond to each complaint; and (3) the number of complaints resolved. The advisory committee must (1) review the data reports provided by OHCQ and compile feedback from each member of the advisory council into a summary report within 30 days after the report from OHCQ and (2) develop recommendations to continue improvement in nursing home and hospital care quality.

Within 30 days after a public meeting of the advisory council, the required summary and meeting minutes must be posted on the department's website.

Current Law:

Office of Health Care Quality

The Secretary of Health must adopt reasonable rules and regulations that set standards of services for related institutions, hospitals, and residential treatment centers in the following areas: (1) the care of patients; (2) the medical supervision of patients; (3) the physical environment; (4) disease control; (5) sanitation; (6) safety; and (7) dietary matters. To ensure compliance with these rules and regulations, OHCQ inspects each related institution, hospital, and residential treatment center. In general, OHCQ inspects facilities for which a license is sought and periodically after a license has been issued. MDH submits an annual report to the General Assembly regarding the inspections conducted during the immediately preceding year.

In addition to required inspections, Chapters 285 and 286 of 2019 established the hospital patient's bill of rights to promote health, safety, and well-being of patients and to foster better communication between patients and health care providers. OHCQ must monitor the compliance of each hospital.

OHCQ generally makes an unannounced site visit and conducts a full survey of each licensed nursing home at least once per year. After a nursing home complaint alleging actual harm, OHCQ must initiate an investigation within 10 business days. If MDH receives a complaint alleging immediate jeopardy to a resident, it must make every effort to investigate the complaint within 24 hours, and no later than 48 hours, after receiving the complaint.

OHCQ must submit an annual report to the Oversight Committee on Quality of Care in Nursing Homes and Assisted Living Facilities regarding the status of quality of care in nursing homes. The oversight committee – within the Maryland Department of Aging (MDOA) – comprises several members, including the Secretaries of Aging and Health and the Director of OHCQ. In general, the oversight committee evaluates progress in improving the quality of nursing home and assisted living facility care in the State.

Chapter 680 of 2025 requires MDH to report every three months to the Senate Finance Committee and the House Health and Government Operations Committee (now the Health Committee) on the number of nursing home surveys conducted in each county. The data must be disaggregated by the following types of surveys: standard; complaint; follow-up; revisit; special focus facility; abbreviated; and life safety code. Every six months OHCQ must report to each area agency on aging the name of each nursing home in the county that was surveyed in the immediately preceding six months and the date each survey was conducted.

Federal Oversight of Specified Health Care Facilities

The 1864 Agreement is an agreement between the federal Centers for Medicare and Medicaid Services (CMS) and the state health facility survey agency to carry out specified provisions of the Social Security Act. Each 1864 Agreement stipulates the functions of the states to, among other things, certify whether or not providers and suppliers within the state comply with all applicable definitions and requirements.

CMS allocates funding to each state for the reasonable costs of performing the functions specified in the agreement and for Medicare's fair share of costs related to Medicare facilities. States that fail to perform survey and certification functions in a manner sufficient to assure the full certification of compliance, may, among other things, receive a revised budgetary allocation. The Medicare and Medicaid certification of providers in a state whose oversight process is substantially deficient may be jeopardized if CMS cannot ensure that the regulatory minimum health and safety standards have been met.

In Maryland, certain long-term care facilities (assisted living programs and developmental disabilities facilities) necessitate compliance with CMS waiver requirements. Additionally, hospice facilities, residential treatment facilities, and other long-term care facilities require adherence to corresponding federal standards.

State Expenditures: The bill requires the advisory council to provide specified feedback to OHCQ, notify the Secretary if OHCQ is reported negligent in providing oversight of health care facilities, hold a virtual public meeting once every six months, review data provided by OHCQ and compile feedback into a summary report within 30 days, and annually report its findings and recommendations to the Governor and General Assembly.

MDH advises that one full-time and one part-time health policy analyst are necessary to meet the bill's requirements. The Department of Legislative Services (DLS) notes that, while additional staff are necessary, one part-time health policy analyst is likely sufficient to meet the bill's requirements since the advisory council is only required to meet virtually and compile the specified summary report once every six months.

Therefore, DLS advises that MDH general fund expenditures increase by \$51,857 in fiscal 2027, which accounts for the bill's October 1, 2026 effective date. This estimate reflects the cost of hiring one part-time health policy analyst to staff the advisory council. It includes a salary, fringe benefits, one-time start-up costs, and ongoing operating expenses.

Position	0.5
Salary and Fringe Benefits	\$43,758
Operating Expenses	<u>8,099</u>
Total FY 2027 State Expenditures	\$51,857

Future year expenditures reflect a full salary with annual increases and employee turnover as well as annual increases in ongoing operating expenses.

MDOA and HEAU can serve on the advisory council with existing budgeted resources.

Additional Information

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

Designated Cross File: None.

Information Source(s): Maryland Department of Aging; Office of the Attorney General; Maryland Department of Health; Department of Legislative Services

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