



Testimony on SB704
Nursing Homes – Transfer of Ownership – Site Visits and Surveys
Position: Favorable

Dear Madam Chair and Members of the Senate Finance Committee:

My name is Ricarra Jones, and I am the Political Director with 1199SEIU- the largest healthcare union in the nation, where we represent over 10,000 healthcare workers in Maryland and the District of Columbia. 1199SEIU supports HB 674 and requests a favorable report by this committee.

For our members who work in Maryland’s Skilled Nursing Facilities - in job titles ranging from Licensed Practical Nurses and Geriatric Nursing Assistants, to dietary and housekeeping workers – the current COVID-19 pandemic has exposed a number of vulnerabilities in our long-term care institutions. Our union has been sounding the alarm about troubling data that has been emerging in the long-term care industry as skilled nursing facilities increasingly change ownership hands to out-of-state private equity owners.

A recent article published in the Washington Post, described the failures to maintain quality standards when Maryland nursing homes were purchased by the New Jersey-based Portopiccolo Group.¹ Unfortunately, evidence is mounting that Private-equity buyouts of financially distressed nursing homes are linked to worsening staff shortages, lower quality care, poorer inspections and declines in resident health outcomes. A new paper published by researchers at New York University and the University of Pennsylvania during the height of the pandemic showed that nursing home staffing levels declined following private equity buyout deals, a trend that bodes poorly for patient quality.² This research is particularly troubling when we consider that many of our state’s nursing homes are struggling with reduced census numbers, and are thus, appealing to out-of-state investors and operators.

Like the family members of residents in these homes, our members sometimes do not learn that their facility is changing operators until a new manager walks through the building, or a new sign goes on the door. Our members who have worked in this industry for decades are wary of

¹ Rebecca Tan and Rachel Chason, “An investment firm snapped up nursing homes during a pandemic. Employees say care suffered,” The Washington Post, December 21, 2020.

² See, <https://www.institutionalinvestor.com/article/b1kq79bp4nv79t/Private-Equity-Backed-Nursing-Homes-Are-Bad-for-Patients-Research-Shows> and https://papers.ssrn.com/sol3/papers.cfm?abstract_id=3537612

acquisitions by firms such as Portopiccolo. We know that these transfers of ownership are not seamless. From the perspective of the workers, an out of state ownership change often means that pay will be cut, benefits will be cut, and sadly, critical investments in the facility will fall short. From the perspective of the skilled nursing facility's residents and their family members, short-staffing in an industry already marked by prevalent short-staffing, will worsen.

The COVID-19 pandemic is providing our state with the opportunity to address systemic vulnerabilities in our long-term care industry. We believe that strengthening our inspection system, is a proactive step towards addressing the problems that too frequently arise when nursing homes change hands. We respectfully ask this committee for a favorable report of SB704.

Thank you,

Ricarra Jones, Political Director
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