

Testimony of the Alzheimer's Association Greater Maryland and National Capital Area Chapters
SB 704 – Nursing Homes - Transfer of Ownership - Site Visits and Surveys
Position: Favorable

Chair Kelley and Vice-Chair Feldman,

I am Eric Colchamiro, Director of Government Affairs for the Alzheimer's Association in Maryland, and here to ask for your support of SB 704. This legislation requires the Maryland Department of Health's Office of Healthcare Quality (OHCQ) to conduct site visits and conduct full surveys—within 1, 3, and 6 months after the date of transfer, of a licensed nursing home—if the ownership of the nursing home is transferred to a person that does not own or operate another nursing home in the State at the time of the transfer.

The Alzheimer's Association, a member of Maryland's Oversight Committee for the Quality of Care in Nursing Homes and Assisted Living facilities, has long been concerned about the long-term care industry. Over 40 percent of the residents in nursing homes and assisted living facilities have Alzheimer's or another dementia. More than 95 percent of those residents have another chronic condition; their care is complicated. It is essential that all long-term care facilities have the means to provide good care for these residents.

This issue of for-profit ownership of nursing homes gained attention regionally following a December 2020 Washington Post article, which told the story of Portopiccolo, an investment firm which bought over 20 properties in our region to make a profit. And it speaks to a systemic issue; long-term care facilities—and especially nursing homes—are moving away from being small, family owned businesses. They are managed by corporations, and transfers of nursing home licenses happen frequently; 24 in 2019, and 13 in 2020.

A May 2020 New York Times article found that roughly 70 percent of the U.S.'s 15,400 nursing homes are owned by private investors. In particular, real estate investment trusts (REITs)—by definition, a company that owns and, in most cases, operates, income producing real estate—have dramatically expanded their ownership of nursing homes in the U.S. since 2008, when Congress passed legislation that allowed REITs to buy health care facilities including nursing homes. Yet these for-profit companies, including REITs, disproportionately lag behind their nonprofit counterparts in the quality of care they provide.

This bill puts a straightforward system into place. It says that the current system, where out-of-state owners have to solely fill out a disclosure form to the Maryland Health Care Commission, is not working. The bill instead puts a system into place where OHCQ is required to proactively check on these facilities, for owners that have not operated in our state. This is not a huge burden on OHCQ; yet the benefits are significant to ensure a better standard of care, and to put people over profits.

After receiving a complaint, OHCQ went in to Portopiccolo's Peak Healthcare facility in Chestertown. Their inspection results found multiple "immediate jeopardy" situations, where the facility was at the risk of being closed immediately. The facility was found to be not in substantial compliance with Federal requirements regarding maintaining essential equipment, dietary services, infection prevention and control, and facility administration. The facility was found to have not appropriately documented a hospital transfer. The facility was found to have not reported a sexual abuse allegation. There are over 70 pages of findings; yet the conclusion important for today is that we can do more to prevent the next Portopiccolo.

We need to create a more significant infrastructure for how we evaluate the business of long-term care in Maryland. The pandemic, and its disproportionate impact on long-term care facilities, has heightened the importance of this issue. We need MHCC to look further into whether new owners of facilities that care for our greatest generation have had significant violations. We need OHCQ, empowered with more funding, to help seniors more. And we need this legislation to put a standard in place, so real estate companies are not in the business of flipping nursing homes to make money.

I ask for a favorable report on this legislation.

REFERENCES:

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