



**TESTIMONY BEFORE THE  
SENATE FINANCE COMMITTEE**

February 24, 2022

Senate Bill 565: Public Safety – Emergency Management – Price Gouging Consumer Protections  
*Written Testimony Only*

**POSITION: FAVORABLE**

On behalf of the members of the Health Facilities Association of Maryland (HFAM), we appreciate the opportunity to express our support for Senate Bill 565. HFAM represents over 170 skilled nursing centers and assisted living communities in Maryland, as well as nearly 80 associate businesses that offer products and services to healthcare providers. Our members provide services and employ individuals in nearly every jurisdiction in the state.

Senate Bill 565 would prohibit a person from selling an essential good or service during a state of emergency and for the 90 days following the end of the state of emergency for a price of 10% or more of the price charged before the state of emergency. This legislation also requires the Secretary of State to establish an electronic notification system by which a person may register to receive a notification when these provisions go into effect and the categories of essential goods and services that are covered.

This legislation applies to a range of essential goods and services including food, fuel, water, building supplies, energy sources, lodging, and more. Relevant to the long-term and post-acute care sector, we are highly appreciative that Senate Bill 565 includes medicine, medical supplies and equipment, and health staffing services. Our testimony highlights the importance of including these goods and services in this legislation.

The COVID-19 pandemic has resulted in historically high workforce costs and skyrocketing operational expenses that have left Maryland nursing homes severely underfunded. Costs have risen dramatically due to extremely inflated costs for personal protective equipment (PPE) and staffing shortages that have resulted in extremely high rates for temporary staff through staffing agencies.

During the height of the pandemic in March 2020, one long-term care provider spent \$4 million to purchase necessary supplies. For example, thermometers were going for \$50.59 each. N95 masks were purchased for \$8.50 or more per mask and surgical masks were \$2.70 per mask.

Another provider noted that before the COVID-19 pandemic, they were paying about 40-70 cents per disposable gown. During the pandemic, they paid anywhere from \$3 to \$15 per disposable gown. They were also paying at least five times more than normal for gloves. Yet another provider shared that a case of 1,000 gloves cost \$15 pre-COVID and up to \$60 during COVID.

(more)

Amid these inflated operational expenses, workforce shortages have been exacerbated by the pandemic and direct care staffing agencies have been charging exorbitant prices to long-term care facilities that need workers. These agencies have been charging more than double and – in some cases – as much as quadruple the amount operators are able to pay their staff.

Based on samples of Medicare cost reports and federal payroll-based journal data from 2020 and 2021, skilled nursing and rehabilitation centers direct employee compensation has increased significantly, hourly wages for agency staff have increased by forty to fifty percent, and reliance on agency staff has gone up more than two and a half times.

In an HFAM survey of members, with respondents representing more than twenty-five percent of the sector, we found that the percentage of agency staffing had increased from 4.8 percent in December 2019 to 24.33 percent in September 2021. Among these same centers, the average base hourly wage for RNs, LPNs, and CNAs increased.

To ensure continued quality care for Marylanders in skilled nursing and rehabilitation centers, we must find solutions to price gouging of healthcare staffing, supplies, and equipment. We must also ensure adequate Medicaid rates to continue providing quality care for Marylanders in need and to pay the highest possible wages supported by the rates.

While we are navigating out of the pandemic towards a new normal, we must learn from our collective experience and prepare for future challenges we may face. This legislation helps protect all consumers against price gouging of essential goods and services during a state of emergency and will help safeguard access to these essential goods and services for the benefit of all Marylanders.

**For these reasons, we request a favorable report from the Committee on Senate Bill 565.**

*Submitted by:*

Joseph DeMattos, Jr.

President and CEO

(410) 290-5132