



THE MARYLAND HOUSE OF DELEGATES
ANNAPOLIS, MARYLAND 21401

HOUSE BILL 702 Health Care Facilities – Nursing Homes – Acquisitions and Licensure

HB 702 calls for the Maryland Health Care Commission (MHCC) to share its findings with the Office of Healthcare Quality (OHCQ), the agency charged with issuing licenses to nursing home operators. HB 702 acts as a “bridge” between ownership and quality. The MHCC will provide detailed ownership information and past and current information on the operation of nursing homes located within or outside of the state to OHCQ. When evaluating approval, denial, or the administration of provisional licenses, OHCQ will consider the findings of the Healthcare Commission. Implementing this change would create an additional guardrail, allowing Maryland to send a message to outside owners that their quality track record matters.

Three years ago, a Washington Post expose uncovered the events that transpired within a chain of skilled nursing facilities owned by a New Jersey-based Private Equity group called **Portopiccolo**.^[1] In response to the decline in safety and quality of care for our most vulnerable residents that was identified by our state’s regulators, our legislature passed SB 704. That bill provided for increased inspections by the Office of Healthcare Quality on nursing homes purchased by out of state operators. There is still more work to be done.

It is important to note that while Private Equity has been receiving attention in the press, the problems posed in transfers of ownership are not limited to Private Equity owners, or even real estate investment trusts (REITs). These ownership models take advantage of the lack of ownership and financial transparency that currently exists. As ay in February, the Biden administration issued a proposed rule to require nursing homes to disclose more information regarding their ownership and management, including information related to assets held by real estate investment trusts (REITs) and private equity firms.^[2]

Maryland ranks 5th in the nation among nursing homes with the highest rate of changes in ownership rates. A federal review of nursing home ownership changes found that in Maryland 74 skilled nursing facilities - 33% of our total nursing home market - changed owners between 2016 and 2021. This data sums up the count of each change in ownership transaction, so that one SNF (skilled nursing facility) may have experienced more than one change in ownership during the study period.^[3] From that same Department of Health and Human Services Report came the finding that skilled nursing

facilities with overall lower quality star ratings were sold more often compared to SNFs with higher quality ratings.^[4]

For example, the Maryland Department of Health's Office of Health Care Quality (OHCQ) reports that the State's nursing home industry experienced 27 change-of-ownerships in FY 2020 and 24 in FY 2021. OHCQ anticipated ten Nursing Home changes of ownerships in FY 2022.^[5] In fact, our state's Change of Ownership (CHOW) database shows nearly 30 nursing homes on the change in ownership list in 2022. Furthermore, we are only in March and so far, 7 nursing homes have been added to the CHOW list.^[6] The rate of what is called "**industry churn**" has still not subsided, and nursing homes continue to change hands at a rapid pace. We know that change in ownership can impact staffing and quality of care which impacts our entire healthcare system.

We are proud to have worked with the Maryland Healthcare Commission and the Office of Healthcare Quality on this bill. This bill protects quality of care and improves transparency in our skilled nursing facilities, and we respectfully ask for a favorable report from this committee.

- **With that, I will turn it over to Claudia Balog from 1199 SEIU!**