



2023 SESSION
POSITION PAPER

BILL NO: SB 509

COMMITTEE: House Health and Government Operations Committee

POSITION: Support as Amended

TITLE: Health Care Facilities - Nursing Homes - Acquisitions and Licensure

BILL ANALYSIS

SB 509 - Health Care Facilities - Nursing Homes - Acquisitions and Licensure as amended requires the Maryland Healthcare Commission (MHCC) to provide information and a recommendation to the Maryland Department of Health's Office of Health Care Quality (OHCQ) when MHCC receives notice that a nursing home is being acquired or that an ownership interest in a nursing home is being transferred. The Secretary of Health must consider MHCC's findings and recommendations before taking action to approve, deny, approve with conditions, or revoke a nursing home license. By December 1, 2023, MHCC, in consultation with specified stakeholders, must (1) complete a specified study regarding the expansion of the Certificate of Need (CON) program over the acquisition of nursing homes and (2) submit a specified report to the Senate Finance Committee and the House Health and Government Operations Committee. The bill's provisions relating to the required study and report take effect July 1, 2023.

POSITION AND RATIONALE

The Maryland Health Care Commission supports SB 509 as amended.

The MHCC is in support of this legislation because it will codify a practice that MHCC already undertakes. Under current law, a person seeking to acquire a health care facility must provide written notice to MHCC at least 30 days prior to closing on the transaction. (Md. Code, Health-Gen. §19-120(k)(6)(ii)).

If the proposed change in ownership involves a nursing home, the potential purchaser must also provide notice to the Office of Health Care Quality (OHCQ). (§19-1401.1(a)(2)). While under current law MHCC is only required to review the acquisition notice to determine whether the acquisition involves changes that would require a Certificate of Need (CON), for the past year, MHCC staff has evaluated the performance and quality of care track record of persons identified in notices of nursing home acquisition or other changes in ownership using

the Centers for Medicare and Medicaid Services Five-Star Quality Rating System (Nursing Home Compare). MHCC has included this evaluation in the determinations issued in response to notices of an acquisition or other changes in ownership and provided this information to the Commission in monthly activity updates. OHCQ is copied on the determination of coverage letters we issue in response to notices of nursing home acquisitions or other changes in ownership.

MHCC has noted that turnover in the ownership of Maryland nursing homes has increased in recent years and is concerned about the impact that these changes in ownership may have on the quality of care provided by nursing homes. Our examination of the quality ratings track record of persons acquiring nursing homes in Maryland in the past two years has often found that these track records would disqualify such persons from obtaining a CON to establish a new nursing home in Maryland or relocate or expand an existing Maryland nursing home under the standards established by MHCC for review of CON applications in the Maryland State Health Plan. We do provide and will continue to provide our review of this information to OHCQ. This bill would require MHCC to conduct a more formal review of an acquisition and require that MHCC provide their findings and recommendations to OHCQ. The bill would require OHCQ and the Secretary of the Department of Health to consider this information when acting on the licensure application. Additionally, as amended the SB 509 requires MHCC in consultation with specified stakeholders, to complete a study regarding the expansion of the Certificate of Need (CON) program over the acquisition of nursing homes.

For the stated reasons above we ask for a favorable report on SB 509 as amended.

