



Contact: Trap Jervey, trap@marylandrise.org

TESTIMONY ON HB 702
Health Care Facilities - Nursing Homes - Acquisitions and Licensure

House Health and Government Operations Committee
March 9, 2023

SUPPORT

Maryland Rise is a non-partisan, not-for-profit organization working to promote economic opportunity and a higher quality of life for all Marylanders, not just the wealthy and well-connected.

Maryland Rise supports legislation that protects Maryland seniors, and promotes a higher quality of care in all settings. HB 702 would accomplish this by requiring a more rigorous degree of oversight when it comes to the ownership of nursing facilities. This is necessary as we see a wave of purchases of nursing facilities in our state by private equity firms, a form of ownership that has proven to have bad outcomes for patients.

The private equity business model centers on equity fund partners using large amounts of debt to finance the purchase of companies, then extracting large fees and value from the company to fuel high returns for investors over ten years. The large debt burden placed on the purchased companies and the drive for short term gains for investors often combine to cause deteriorating working conditions and compensation for employees, wage theft, layoffs and loss of jobs, environmental harm, and dangerous degradation, including nursing home care.

Under the current system, the Maryland Healthcare Commission analyzes the facilities for the approval of acquisitions, and the Office of Healthcare Quality ensures ongoing quality of care, but these two organizations do not share data on an owner's history of management. This has resulted in the widespread purchases of nursing facilities by owners with poor records.

HD 702 would prevent this by requiring these regulators to work together to put up guardrails preventing these bad actors from working in the state. We believe this is in the best interest of the patients, their families, and the workers who staff our nursing facilities.

Therefore, we urge a favorable report on House Bill 702