



Testimony in favor of
The Nursing Home Staffing Crisis Funding Act of 2024

Dear Chair Guzzone and members of the Budget and Taxation Committee:

My name is Ricarra Jones, and I am the political director of 1199SEIU United Healthcare Workers East in Maryland/DC. 1199SEIU is the largest healthcare union in the nation, and here in Maryland we have over 10,000 members working in hospitals, long term care settings, and federally qualified health centers. This legislation is foundational to addressing the severe staffing crisis that’s impacting quality of care in Maryland’s nursing homes.

This legislation aims to improve nursing home transparency, address the staffing crisis, and protect quality of care for nursing home residents. Starting in 2026, legislation calls for an 8% increase in Medicaid provider reimbursements to skilled nursing facilities while mandating that 75% of that increase be allocated towards direct patient care staffing. The table below shows the percentage increase in Medicaid provider reimbursements allocated to skilled nursing facilities from 2020-2023. Additionally, the state budget report lists pandemic relief funding appropriate for skilled nursing facilities for FY 2021 and FY 2022, however this funding was not directly targeted to direct care as it was in other states.

Medicaid Provider Reimbursement Rate Increases for MD Skilled Nursing Facilities FY 2020-2023				
	2020	2021	2022	2023
Percent rate increase	3%	4%	4%	8%
Supplemental allotment			2%	\$20 million
Sources	https://health.maryland.gov/mmcp/Documents/MEDICAID%20PROVIDER%20RATE%20CHANGES%20FROM%20JANUARY%201%202021.pdf	https://health.maryland.gov/mmcp/Documents/MEDICAID%20PROVIDER%20RATE%20CHANGES%20FROM%20JANUARY%201%202021.pdf	https://health.maryland.gov/mmcp/Documents/Provider%20Information/Public%20Notice%20for%20FY%202022%20Medicaid%20Nursing%20Facility%20Rates.pdf	https://health.maryland.gov/mmcp/Documents/Public%20Notice/FY24-Provider-Rate-Increases-01.01.24-Public-Notice.pdf Supplemental: https://health.maryland.gov/mmcp/MCOupdates/Documents/PT%2011-23%20Fiscal%20Year%202023%20Rates%20and%20Supplemental%20Payment%20for%20Nursing%20Facility%20Services.pdf

Nursing homes rely mostly on public funding through Medicare and Medicaid, and yet, stakeholders in Maryland lack the information necessary to identify how those public dollars are used in our nursing homes. . One national study of over 11,000 nursing homes cost reports show that nursing homes are getting plenty of money, they are just not being held accountable for using it appropriately.¹ Nursing homes had total net revenues of \$126 billion, a profit of \$730 million in 2019, and average nursing home profit margin was 8.84%. Too many seniors and families are accepting substandard care because their nursing home tells them that they cannot afford to hire more staff. The study identified that overall spending for direct care was 66% of net revenues, including 27% on

nursing, in contrast to 34% spent on administration, capital, other, and profits.¹ 1199SEIU has been advocating for our regulators to conduct a similar study of the cost reports for Maryland’s nursing homes.

This bill addresses racial equity. It is long overdue to confront the historic racial and gender inequities in the direct care workforce. The direct care workforce in our nursing homes is overwhelmingly made up of Black women. We are not only failing to attract new workers to these jobs, but we are also trapping those who are currently in this workforce in poverty. In Maryland the average annual income for a certified nursing assistant is \$35,000. The table below shows Maryland wages for certified nursing assistants which are relatively low compared to the rising cost of living in the state.

Maryland Wages for Certified Nursing Assistants, FY 2020-2022			
	Released May 2020	Released May 2021	Released May 2022
Nursing Assistant Mean Annual Wage	\$33,840.00	\$34,040.00	\$37,180.00
Mean Hourly Wage	\$16.27	\$16.37	\$17.87
Median Hourly Wage	\$15.66	\$17.45	\$17.45
Source	https://www.bls.gov/oes/2020/may/oes_md.htm#31-0000	https://www.bls.gov/oes/2021/may/oes_md.htm#31-0000	https://www.bls.gov/oes/current/oes_md.htm#31-0000

The American Health Care Association which represents nursing homes across the country released a 2022 report with some stark numbers: 98% are experiencing difficulty hiring new staff⁸. 76% said their current financial situation and lack of funding is an obstacle in being able to offer competitive wages to hire new staff⁸. By mandating that dollars be explicitly directed to care giver wages, this legislation would address the need in Maryland to support long term care facilities and invest in our care workforce.

22 other states have already implemented a wage passthrough in addition to taking crucial steps to addressing the staffing crisis through wage increases:

Massachusetts has had a program since 2001 with an appropriations bill that set aside money for the sole purpose of funding base hourly wage increases for certified nurse aides at skilled nursing facilities. The 2019 version of this bill set aside \$38.3 million to fund wages related to all direct care staff in nursing homes, including CNAs (Certified Nurse Aides), housekeeping, laundry, dietary and activities staff.² In Massachusetts, nursing facilities are also required to report what is called a Direct Care Cost Quotient, which sets a requirement that a minimum of 75% of nursing home revenues be spent on direct care staffing costs.²

In 2020, in the wake of the pandemic, **New Jersey** released a report outlining key steps that needed to be taken to strengthen the resilience of their nursing homes. One of the findings of the report was that high staff turnover in nursing homes weakened the quality of care, and the report specified that low wages drove many of these workers

¹ Harrington C, Mollot R, Braun RT, Williams D. United States’ Nursing Home Finances: Spending, Profitability, and Capital Structure. International Journal of Social Determinants of Health and Health Services. 2023;0(0). doi:10.1177/27551938231221509

² https://www.sec.state.ma.us/reg_pub/pdf/911/E101206.pdf

to take multiple jobs, contributing to the turnover. In response, New Jersey increased Medicaid nursing facility rates, with requirements that this additional revenue be spent on wages.³

Michigan is another state that has been working to raise the wages of direct care workers, including those in skilled nursing facilities. by using federal dollars released through the American Rescue Plan Act (ARPA) as a launchpad to jumpstart these higher wages.⁴

Illinois adopted changes that require nursing homes to increase staff wages as a condition of receiving increased Medicaid provider reimbursement rates. Illinois specified that nursing homes must increase direct care staff wages by \$1.00 per hour as of July 2020, and an additional 50 cents per hour as of January 2021.⁵ Meanwhile, **North Carolina** directed nursing homes to devote 80% of their rate increase to direct care staff wages.⁶

This investment in our long-term care infrastructure is also important to Maryland's unique healthcare system. Maryland is the only state which operates under what is called a Total Cost of Care Model, a unique hospital rate-setting system, overseen by the Health Services Cost Review Commission. While the HSCRC does not have authority over long-term care providers, our Maryland Model demands that care settings outside of our hospitals provide high quality care. In fact, our system's success hinges on the ability of all providers across the spectrum to ensure that we reduce unnecessary hospitalizations. So, we must prioritize long-term care settings such as skilled nursing facilities when we address our healthcare system.

For these reasons, 1199 SEIU urges you to issue a favorable report. I am happy to answer any additional questions at ricarra.jones@1199.org

In Unity,

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³ <https://www.nj.gov/ooie/news/div-assets/docs/ManattRecommendations.pdf>

⁴ https://www.michigan.gov/-/media/Project/Websites/mdhhs/Folder2/Folder98/Folder1/Folder198/MDHHS_SNF_COVID19_DCW_FAQs_v4_073020.pdf?rev=fe4e5041d75d41fa9847a99b212d6825

⁵ <https://www.kff.org/report-section/state-actions-to-address-nursing-home-staffing-during-covid-19-appendix/>

⁶ <https://www.kff.org/report-section/state-actions-to-address-nursing-home-staffing-during-covid-19-appendix/>