



Maryland

DEPARTMENT OF BUDGET
AND MANAGEMENT

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Lieutenant Governor

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Secretary

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Deputy Secretary

HOUSE BILL 462 Funding for Wages and Benefits for Nursing Home Workers (Nursing home Staffing Crisis Funding Act of 2024)

STATEMENT OF INFORMATION

DATE: January 30, 2024

COMMITTEE: Health and Government Operations

SUMMARY OF BILL: House Bill 462 increases the reimbursement rate for providers of nursing home services, medical day care services, private duty nursing services, personal care services, home and community-based services, and services provided through the Community First Choice Program in fiscal 2026 through 2028. 75% of the funding increase must be used to fund wages and benefits for workers.

EXPLANATION: House Bill 462 will require an estimated \$1.201 billion in total funds (\$601 million general fund, \$601 million federal funds) in fiscal 2026 through 2029 to be administered by the Maryland Department of Health (MDH). The annual provider rate increases of 8% required in fiscal 2026 through 2028 account for the majority of the legislation's fiscal impact (\$1.198 billion). Other costs include increased staffing at MDH to oversee nursing home reporting, an audit contractor, and technical assistance to nursing homes to meet these new requirements (costs would generally be split 50/50 between general and federal funds).

The Department of Budget and Management (DBM) is charged with submitting a balanced budget to the General Assembly annually and will be working with the General Assembly to achieve structural balance over the long-term. In light of current projected general fund deficits in fiscal 2026 forward, the Department urges caution in passing legislation significantly increasing general fund expenditures. State government must be intentional, disciplined, and strategic with its allocation of State funding to ensure maximum impact toward priority outcomes. It would be challenging for the State to manage this additional spending given the forecasted out-year deficits for the General Fund.

**For additional information, contact Laura Vykol-Gray at
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