



# MARYLAND STATE & D.C. AFL-CIO

AFFILIATED WITH NATIONAL AFL-CIO

7 School Street • Annapolis, Maryland 21401-2096

Balto. (410) 269-1940 • Fax (410) 280-2956

*President*

**Donna S. Edwards**

*Secretary-Treasurer*

**Gerald W. Jackson**

**SB 679 - Nursing Homes - Direct Care Wages and Benefits and Cost Reports  
(Nursing Home Care Crisis Transparency Act)  
Senate Finance Committee  
February 18, 2025**

**SUPPORT**

**Donna S. Edwards  
President**

**Maryland State and DC AFL-CIO**

Madame Chair and members of the Committee, thank you for the opportunity to submit testimony in support of SB 679. My name is Donna S. Edwards, and I am the President of the Maryland State and District of Columbia AFL-CIO. On behalf of Maryland's 300,000 union members, I offer the following comments.

Nursing homes rely on public funding through Medicare and Medicaid, but Maryland does not have a transparent process in place to track exactly how public dollars are being spent. A study done by economists Ashvin Gandhi and Andrew Olenski found that nursing homes hide nearly 63% of profits, often diverting millions of dollars of public reimbursement to private personal profit.<sup>1</sup> This, in turn, significantly limits the money available to support staff and fund the resources needed for quality resident care.

SB 679 improves nursing home transparency by mandating two things. First, it sets a certain percentage of revenue that must be expended on direct care wages and benefits, ensuring that public dollars are going to where they are actually needed. Second, it requires nursing homes to submit an annual cost report that shows how they are spending their money and how it impacts wages. This system will enhance accountability as it requires nursing homes to collect accurate information while establishing penalties for failure to submit a report or pay the wages in the required amount.

This measure is not unfamiliar— states such as Massachusetts, New Jersey, and New York have all recently passed similar legislation to establish spending requirements to prioritize staffing

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<sup>1</sup> Ashvin Gandhi and Andrew Olenski, "Tunneling and Hidden Profits in Healthcare." July 2024.

needs and improve nursing home conditions. Research shows that inadequate nurse staffing has a direct correlation to care that impacts areas such as length of hospital stays, patient dissatisfaction, and hospital readmission.<sup>2</sup> However, where there are appropriate levels of nursing staff, we reduce preventable patient harm. If nursing facilities spend their hidden profits on staffing and retaining staff, these ratios would significantly increase, creating a safer and more effective environment.

As our state looks to tackle a growing healthcare workforce shortage, using data to ensure that nursing home funds are being used on direct care wages and benefits is not just about fairness, but about preventing abuse and neglect due to severe understaffing.

For these reasons, we urge a favorable vote on SB 679.

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<sup>2</sup> Katie Boston-Leary, Merton Lee, Sarah E. Mossburg, "Patient Safety Amid Nursing Workforce Challenges." Patient Safety Network. April 2024.