



576 Johnsville Road
Sykesville, MD 21784

TO: Finance Committee
FROM: LeadingAge Maryland
SUBJECT: Senate Bill 679, Nursing Homes - Direct Care Wages and Benefits and Cost Reports (Nursing Home Care Crisis Transparency Act)
DATE: February 18, 2025
POSITION: **Unfavorable**

LeadingAge Maryland respectfully requests an unfavorable report on Senate Bill 679, Nursing Homes - Direct Care Wages and Benefits and Cost Reports (Nursing Home Care Crisis Transparency Act)

LeadingAge Maryland is a community of more than 140 not-for-profit aging services organizations serving residents and clients through continuing care retirement communities, affordable senior housing, assisted living, nursing homes and home and community-based services. Members of LeadingAge Maryland provide health care, housing, and services to more than 20,000 older persons each year. Our mission is to be the trusted voice for aging in Maryland, and our vision is that Maryland is a state where older adults have access to the services they need, when they need them, in the place they call home. We partner with consumers, caregivers, researchers, public agencies, faith communities and others who care about aging in Maryland.

Senate Bill 679 mandates that nursing homes allocate at least 75% of their total nursing and residential care revenue toward direct care wages and benefits. Additionally, it requires annual cost reporting to the Maryland Department of Health. While we support increasing wages for nursing home workers, we have significant concerns regarding the bill's impact on providers and residents.

- Strain on Nursing Home Operations: Nursing homes are already grappling with workforce shortages and financial constraints, exacerbated by the COVID-19 pandemic. Requiring a rigid percentage allocation for wages may reduce funding for other essential services, such as food, maintenance, and administrative operations, ultimately impacting quality of care.

- Administrative Burden: The bill’s cost reporting requirements impose additional administrative demands on nursing homes, diverting resources away from direct resident care. Compliance with extensive reporting requirements may be costly and operationally challenging for providers. Furthermore, under current law, filing a cost report with the State of Maryland is required only if Maryland Medical Assistance days of care are 1,000 or greater. Some LeadingAge Maryland members never reach that 1,000 day threshold. However, this bill would require all skilled nursing facilities to file a cost report regardless of Medicaid census, placing a further burden on the facility.
- Punitive Enforcement Mechanisms: The bill authorizes the Maryland Department of Health to impose penalties, including recoupment of funds, corrective plans, and potential suspension or termination from Medicaid programs. These punitive measures could lead to unintended consequences, including reduced access to care for vulnerable populations and financial instability for providers.
- Unclear Wage Pass-Through Mechanism: While we support wage increases, the bill restricts who qualifies as “direct care” staff, potentially excluding essential personnel such as dietary workers, housekeeping staff, maintenance, and administrative employees who contribute to resident care and facility operations. A more comprehensive wage pass-through mechanism should include both direct and indirect care staff, ensuring equitable support across all roles.
- Challenges for Medicaid Providers: Medicaid providers already face chronic underfunding and rising costs, with limited ability to pass increased expenses onto consumers. The bill fails to account for operational costs beyond wages, such as rising costs of medical equipment, insurance, transportation, and facility maintenance.

LeadingAge Maryland supports efforts to enhance wages for nursing home workers but believes Senate Bill 679, as written, would have negative consequences for providers, staff, and residents.

For these reasons, LeadingAge Maryland respectfully requests an unfavorable report for Senate Bill 679.

For additional information, please contact Aaron J. Greenfield, 410.446.1992