



COMMISSION ON AGING

TESTIMONY ON SB0663 - POSITION: FAVORABLE WITH AMENDMENTS **Nursing Homes - Direct Care Wages and Benefits and Cost Reports**

TO: Chair Beidle, Vice Chair Hayes, and members of the Finance Committee

FROM: Linda Bergofsky and Wayne Berman, Co-Chairs, Montgomery County Commission on Aging

We writing on behalf of the Montgomery County Commission on Aging (CoA) in support of **SB0663 - Nursing Homes - Direct Care Wages and Benefits and Cost Reports**. The CoA was established by Montgomery County in 1974 pursuant to a requirement of the Federal Older Americans Act of 1965, that there be an Advisory Council to the Area Agency on Aging. In that role, the CoA serves as an advocate for the health, safety, and well-being of the County's older residents at the local, State, and National levels. SB0663 supports a priority of the Commission and of our constituents, specifically access to high-quality nursing home care.

SB0663 improves access to high-quality nursing home care in two ways. First, it sets a certain percentage of total revenue that must be expended on direct care wages and benefits, ensuring that public dollars are going to facility staffing, the cost center most clearly related to quality. Second, it requires nursing homes to submit timely 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.

In light of the 2025 decision by CMS to rescind the minimum nurse staffing and spending reporting regulations it adopted in 2024, Marylanders lack access to reliable information on how nursing homes invest their income in direct care staff. By establishing a minimum direct care spending level, Maryland would join New York, New Jersey, and Massachusetts, all of which have passed similar laws to protect their most vulnerable residents.

Research has shown the benefits of this approach in understanding how nursing homes spend revenue. An April 2024 [study](#) by Harrington, Mollot, et al used 2019 Medicare cost reports to examine nursing home revenues, expenditures, net income, related-party expenses, expense

categories, and capital structure of free-standing facilities. After excluding disallowed costs and non-cash depreciation expenses, the authors found that “Overall spending for direct care was 66% of net revenues...”. The authors further cited the importance of reviewing cost reports in achieving financial transparency. The study conducted last year by the Maryland Department of Health used Medicaid cost reports to analyze spending on direct care staff; MDOH is working with its fiscal audit contractor to revise future cost report templates to facilitate future analyses.

We request that you consider an amendment to this bill. Currently, the bill counts direct care wages and benefits as they relate to nursing, dietary, restorative therapy, and social worker staff. We suggest including Activities staff as well. Activities staff are involved in direct care that is different and distinct from restorative therapy staff, even with the same credentials as other staff such as an Occupational Therapist, we request that the language to be amended as follows (additional language is highlighted):

16–209. (A) IN THIS SECTION, “DIRECT CARE WAGES AND BENEFITS” MEANS THE DIRECT CARE WORKFORCE WAGES AND BENEFITS FOR NURSING, DIETARY, RESTORATIVE THERAPY, **ACTIVITIES**, AND SOCIAL WORKER STAFF.

The Commission on Aging respectfully urges the return of a Favorable decision with the suggested amendment.

Thank you for your support of this legislation.