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In Senior Care and Services*

Senate Finance Committee

March 3, 2026

Senate Bill 663 – *Nursing Homes – Direct Care Wages and Benefits and Cost Reports*

POSITION: OPPOSE

On behalf of the LifeSpan Network, the largest and most diverse senior care provider association in Maryland representing nursing facilities, assisted living providers, continuing care retirement communities, medical adult day care centers, senior housing communities and other home and community-based services, we **respectfully oppose** Senate Bill 663. Senate Bill 663 contains two main provisions: 1) requiring nursing homes to expend 75% of their total nursing and residential care revenue for direct care wages and benefits for nursing, dietary, restorative therapy and social worker staff; and 2) requiring nursing homes to submit to the Maryland Department of Health (MDH) cost reports.

Regarding cost reports, nursing homes are already required to submit cost reports. This requirement is firmly entrenched in COMAR 10.09.10.21 - .34. Information provided on the cost reports is subject to inspection and audit by the MDH or its designee. Nursing homes must submit, on the form required by the Department, financial and statistical data within three months after the end of the provider's fiscal year unless the Department grants the nursing home an extension or the nursing home discontinues participation in the Medicaid program. If reports are not submitted timely, the Department is required to reduce the per diem rate to nursing homes by three percent for each month not submitted. After six months, the Department may suspend, withhold payment, deny new admissions, or remove the nursing home from the Medicaid program.

Nursing home revenue and reimbursement is based on a complicated formula. Costs are categorized and reported in five cost centers – nursing, other patient care, routine, administrative, capital property service and rental. Adjustments are made to each cost center based upon geographical region. Nursing cost center is then adjusted based on acuity for facilities that care for more complex care residents. Senate Bill 663 only focuses on staff performing nursing, dietary, restorative therapy and social work. It excludes other key staff, such as housekeeping, laundry, maintenance, and admissions and discharge planners, who perform critical work for residents and whose wages may be compressed to meet the 75% requirement.

For the past two years, the State has provided no rate increases for nursing facilities, even as costs continue to rise. Between Calendar Year 2023 and Calendar Year 2024, costs increased by 5.95%. With recent increases in insurance, food, utilities, and overall inflation, expenses are expected to continue climbing while reimbursement rates remain flat. We respectfully request an unfavorable vote.

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