



PO Box 34
Sykesville, MD 21784

TO: Senate Finance Committee
FROM: LeadingAge Maryland
SUBJECT: Senate Bill 340, Nursing Facilities - Medicaid Quality Assessment - Funding of Office of the Long-Term Care Ombudsman
DATE: February 10, 2026
POSITION: Letter of Information

LeadingAge Maryland offers this letter of information on Senate Bill 340, Nursing Facilities - Medicaid Quality Assessment - Funding of Office of the Long-Term Care Ombudsman.

LeadingAge Maryland is a community of more than 150 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.

Senate Bill 340 would require the Governor to include, in the annual budget bill, at least 3% of the special funds collected from the Medicaid quality assessment imposed on nursing facilities to support the operations of the Office of the Long-Term Care Ombudsman.

At the outset, LeadingAge Maryland wants to clearly state its strong support for the mission and work of the Office of the Long-Term Care Ombudsman. The Ombudsman plays a vital role in advocating for residents, addressing concerns, and promoting accountability across long-term care settings. Our concerns with Senate Bill 340 do not reflect any disagreement with the importance of that work. Rather, they relate to the funding mechanism proposed in the bill and the potential, unintended impacts on Medicaid reimbursement and resident care.

Our concerns include the following:

1. The nursing facility quality assessment is provider-funded and designed to support Medicaid reimbursement. The Medicaid nursing facility quality assessment is paid directly by nursing homes and was established specifically to support Medicaid reimbursement for nursing facility services. While the revenues flow through the State as special funds, they are not general

revenues. A significant portion of these dollars is returned to providers through enhanced Medicaid payments that help offset chronic underfunding and rising costs of care.

Requiring that at least 3% of assessment revenues—estimated at approximately \$5–6 million annually—be directed to fund the Office of the Long-Term Care Ombudsman would reduce the funds available for Medicaid reimbursement and direct resident care. From a provider perspective, this represents an added financial burden without a corresponding increase in resources to support care delivery.

2. Senate Bill 340 raises concerns about precedent. The bill would establish a precedent allowing provider-paid assessments to be redirected for purposes outside of Medicaid reimbursement. This creates uncertainty for providers by raising the possibility of future diversions, expansions, or increases to the assessment beyond its original intent.

Provider assessments have long been justified by a clear and shared understanding: providers contribute, and providers and residents benefit through strengthened Medicaid funding. Moving away from that principle risks undermining confidence in the assessment structure and creating long-term instability for the Medicaid nursing facility program.

3. Reduced Medicaid reimbursement capacity may affect access, staffing, and quality. Maryland nursing homes are operating in an increasingly challenging environment, facing workforce shortages, rising labor costs, and significant regulatory demands, while Medicaid rates often fall short of covering the cost of care. Any reduction in Medicaid reimbursement capacity can:

- Limit providers' ability to recruit and retain staff,
- Constrain investments in quality improvement and regulatory compliance, and
- Place additional strain on nonprofit, mission-driven providers.

Over time, diminished Medicaid funding may adversely affect the very residents the Ombudsman is intended to serve and protect.

4. Funding a core state function through the regular budget process promotes sustainability. The Office of the Long-Term Care Ombudsman performs an essential state function that benefits residents across long-term care settings. LeadingAge Maryland believes this work is best supported through the regular State budget process—using general funds and federal Older Americans Act dollars—rather than through a statutory carve-out from a provider-specific revenue source.

While SB 340 includes non-supplantation language, it does not fully guard against reductions elsewhere in Medicaid nursing facility spending or ensure that providers are held harmless from the financial effects of the proposed diversion.

LeadingAge Maryland strongly supports adequate and sustainable funding for the Office of the Long-Term Care Ombudsman. We respectfully urge that this be achieved in a manner that

preserves Medicaid reimbursement and protects the resources needed to deliver high-quality care to nursing facility residents.

For these reasons, LeadingAge Maryland offers this letter of information for Senate Bill 340.