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TO: House Health Committee

FROM: LeadingAge Maryland

SUBJECT: House Bill 1151, Maryland Department of Health - Study on Maryland Medical Assistance Program Reimbursement of Hospice Room and Board Services

DATE: February 24, 2026

POSITION: Favorable

LeadingAge Maryland supports , Maryland Department of Health - Study on Maryland Medical Assistance Program Reimbursement of Hospice Room and Board Services.

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.

This legislation is a modest, cost-free, and evidence-based first step toward addressing a long-standing gap in Maryland's end-of-life care system.

The Coverage Misalignment

Under current Maryland policy, Medicaid covers room and board for end-of-life patients residing in Skilled Nursing Facilities (SNFs). However, Maryland does not reimburse room and board in licensed residential hospice houses—even though federal Medicaid law permits states to do so.

As a result, hospice houses must either absorb approximately $300 per day in room and board costs for Medicaid beneficiaries—an unsustainable financial burden—or transfer patients to hospitals, nursing facilities, or home once acute symptoms stabilize. These transfers disrupt the hospice interdisciplinary plan of care, increase the likelihood of emergency department visits and readmissions, and undermine the stability families seek during a profoundly vulnerable time.

Importantly, twenty-five states—including neighboring Virginia, West Virginia, and Pennsylvania—already reimburse hospice room and board under Medicaid. Maryland remains an outlier.

Why This Matters for Maryland

This reimbursement gap has real consequences for patients and the broader health care system. Maryland Medicaid accounts for approximately 59% of SNF revenue—higher than the national average—creating a strong financial incentive toward institutional placement. At the same time, Maryland ranks near the bottom nationally in hospice length of stay and has one of the lowest hospice election rates among Medicaid beneficiaries in the country.

Hospice has been shown to reduce hospital utilization significantly. Hospice patients experience a readmission rate of approximately 1.4%, compared to 19.2% in skilled nursing facilities, reflecting stronger symptom control and care coordination. Yet families frequently choose SNFs not because they are the most appropriate setting, but because Medicaid covers room and board there—while hospice residences must rely heavily on philanthropy to serve Medicaid patients.

Hospitals often report a shortage of residential hospice beds, but in reality, beds may be available. The barrier is financial, not physical capacity. The current structure effectively steers low-income Marylanders into costlier, higher-intensity institutional settings at the end of life—often contrary to patient and family preference.

Why a Study Is Necessary

While anecdotal evidence of these harms is abundant, Maryland lacks the comprehensive fiscal and clinical analysis necessary to determine whether reimbursing hospice room and board would improve outcomes, align incentives, or reduce costs elsewhere in the system.

In prior legislative sessions, fiscal questions regarding room and board reimbursement have been met with uncertainty due to the absence of formal data.

House Bill1151 directs the Division of Health Care Financing and Medicaid to analyze:

- Fiscal impact
- Care outcomes
- System alignment
- Potential implications for a future State Plan Amendment

Without a formal study, the General Assembly cannot make an informed, evidence-based decision.

Fiscal Neutrality

This legislation appropriates no new funds. It does not expand eligibility. It does not mandate reimbursement. It simply requires analysis.

Other states have completed similar feasibility studies at modest cost. Delaware, for example, conducted an analogous review in 2023 for less than $75,000. Any future policy change would require separate legislative action and full fiscal transparency.

This bill does not impact the current budget.

Alignment with Maryland Policy Goals

This proposal aligns with Maryland's broader health care priorities.

Maryland's Triple Option waiver emphasizes "right place, right time" care. Hospice houses are already recognized in COMAR as appropriate settings for managing terminal symptom crises. The Health Services Cost Review Commission's global hospital budget model further incentivizes reducing avoidable hospital utilization at the end of life.

Additionally, recent legislative debates have reflected bipartisan concern that low-income Marylanders lack access to the full continuum of palliative and hospice services. This study directly supports the goal of improving equity in end-of-life care

House Bill 1151 does not change coverage policy today. It simply asks whether Maryland is already paying for end-of-life room and board—but in the wrong setting.

When Medicaid beneficiaries cannot afford to remain in hospice residences, they often return to high-cost, high-intensity institutional settings in their final days. This creates a two-tier system in which wealthier Marylanders can remain in hospice houses, while low-income Marylanders cannot.

This bill equips the General Assembly with the data needed to evaluate whether Maryland's current financing structure aligns with patient preference, quality of care, and fiscal responsibility.

For these reasons, we respectfully urge a favorable report on House Bill 1151.