



DEPARTMENT OF HEALTH

Wes Moore, Governor · Aruna Miller, Lt. Governor · Meena Seshamani, M.D., Ph.D., Secretary

March 5, 2026

The Honorable Heather Bagnall
Chair, House Health Committee
241 House Office Building
Annapolis, MD 21401-1991

RE: HB 1414 – Nursing Homes – Direct Care Wages and Benefits and Cost Reports – Letter of Information

Dear Chair Bagnall and Committee Members:

The Maryland Department of Health (the Department) respectfully submits this letter of information for House Bill (HB) 1414 – Nursing Homes – Direct Care Wages and Benefits and Cost Reports.

HB 1414 requires nursing facilities reimbursed by the Maryland Medical Assistance Program (Medicaid) to expend at least 75% of their total nursing and residential care revenue for wages and benefits of Direct Care Work Force, which the bill defines as nursing, dietary, restorative therapy and social worker staff members. Beginning September 2027 and annually thereafter, nursing facilities must submit a cost report to the Department to document wage disbursement and other necessary information. The Department must enforce compliance with these new requirements and take action if facilities fail to submit required, accurate, or adequate reports, or fail to pay mandated wages to the Direct Care Work Force. Enforcement actions include 1) corrective action, 2) suspension from the Medicaid, or 3) termination from the Program.

As required by the *Nursing Home Care Crisis Transparency Act* (HB 933, Chapter 733 of the Acts of 2025), the Department submitted a Nursing Home Cost Report 2025, which noted that the current uniform cost report structure aggregated nursing wage and salary data without distinguishing staff roles.¹ The Department worked with its fiscal audit contractor to disaggregate and detail nursing services wage and salary data. Revised cost report templates filled out by nursing facilities reflecting this change will be used from FY 2026 onwards and include the additional data requested by HB 1414.

While the Department does not anticipate a fiscal impact to implement cost report enhancements, the Department will need to expand its staffing for compliance oversight and nursing facilities will need to make system modifications to collect the necessary data. To enforce HB 1414's cost reporting for non-compliant nursing facilities, the Department would need to hire two Health Policy Analysts II in the Office of Long Term Supports and Services. These analysts will review

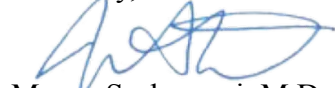
¹ Nursing Home Costs, 2025 Report, Pursuant to Ch. 733 of the Acts of 2025, <https://health.maryland.gov/mmcp/Documents/JCRs/2025/NHcostreportsJCRfinal10-25.pdf>.

contractor reports, initiate recoupment of overpayments, and manage provider corrective action plans. The fiscal impact of implementing HB 1414 is estimated to be \$171,233 TF (\$85,617 GF/\$85,617 FF) in FY 2027, with a projected five-year staffing cost (FY 2027–FY 2031) of \$1,032,226 TF (\$516,113 GF/\$516,113 FF).

Finally, for non-compliance issues persisting after remediation that may lead to program suspension, Medicaid will coordinate with the Office of Health Care Quality (OHCQ) to relocate Medicaid-funded nursing facility residents. Such relocation due to non-compliance risks disrupting continuity of care, reducing Medicaid bed availability in some counties, and complicating family visitation.

If you would like to discuss this further, please do not hesitate to contact Meghan Lynch, Director of Government Affairs at meghan.lynch@maryland.gov.

Sincerely,

A handwritten signature in blue ink, appearing to read 'Meena Seshamani', is written over a faint, light blue circular watermark or seal.

Meena Seshamani, M.D., Ph.D.
Secretary of Health