

# Fiscal Standards and Transparency Would Strengthen Nursing Home Care in Maryland

## Position Statement in Support of House Bill 1414

*Given before the House Health Committee*

Long-term care workers are a vital part of the social infrastructure that keeps Maryland going. They provide essential services to aging Marylanders and Marylanders with disabilities, but the state struggles to meet the need for these workers.<sup>i</sup> Demographic change is expected to worsen this shortfall in coming years and decades. House Bill 1414 would improve both access to care and quality of care at Maryland nursing homes by requiring that at least 75% of these facilities' revenue go toward care. **For these reasons, the Maryland Center on Economic Policy supports House Bill 1414.**

Sufficiently staffing Maryland's nursing homes becomes more urgent each day, in light of the state's demographic trends. Maryland's 65+ population grew by 34% from 2014 to 2024, while the 20–64 population slightly declined.<sup>ii</sup> By 2035, our 65+ population is projected to grow by another 23%, compared to only 4% for the 20–64 population.<sup>iii</sup>

We can only meet this need if nursing homes use their resources to hire and pay direct care staff. But in 2024, Maryland nursing homes that received Medicaid funding spent only 54% of their revenues on direct care wages, according to an analysis by the Maryland Department of Health.<sup>iv</sup> This is especially concerning in light of data from the Centers for Medicare and Medicaid Services showing that about 18% of Maryland nursing homes have serious quality issues.<sup>v</sup>

Where is the rest of the money going? A 2024 study of nursing homes in Illinois found that facilities hid 68% of their profits by overpaying related parties for real estate, management, and other services<sup>vi</sup> – essentially moving money from one pocket to the other.<sup>vii</sup> The researchers estimated that spending these hidden dollars on registered nurses would have enabled nursing homes to increase RN staffing hours per resident by 36%.

The 75% standard under House Bill 1414 could translate into increased hiring or higher wages. In practice, these go together, as paltry wages are among the top barriers to recruiting and retaining a sufficient long-term care workforce.<sup>viii</sup>

- Direct care workers in Maryland nursing homes typically took home less than \$32,000 in 2023.
- 35% of nursing home workers have family income less than double the federal poverty line (today, \$54,640 for a family of three).
- 41% receive public assistance.
- 39% spend more than 30% of their income on housing.

Higher nursing home wages would mean better access to care and better quality of care. The gains for workers would also make Maryland's economy more equitable:

- 82% of direct care workers in nursing homes in Maryland are Black and 88% are workers of color, as of 2023.
- 95% are women.
- 39% were born outside the United States.
- 34% are raising children.

In addition to the bill's fiscal standards, its reporting requirements would strengthen the knowledge base for policymakers at the Maryland Department of Health.

Enacting House Bill 1414 would put Maryland in good company, as policymakers have enacted similar standards in New Jersey (90%), Massachusetts (75%), and New York (70%).

**For these reasons, the Maryland Center on Economic Policy respectfully requests that the House Health Committee make a favorable report on House Bill 1414.**

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## **Equity Impact Analysis: House Bill 1414**

### *Bill summary*

House Bill 1414 would require that Maryland nursing homes spend at least 75% of revenues on direct care wages and benefits. The bill also requires nursing homes to submit annual cost reports to the Maryland Department of Health documenting compliance with this standard.

### *Background*

Chapter 733 of 2025 requires the Maryland Department of Health to collect uniform cost reports from nursing homes that receive Medicaid funding and publish certain statistics compiled from these reports. The first such analysis found that in 2024, nursing homes spent 54% of their revenues on direct care wages.

Data from the Centers for Medicare and Medicaid Services show that as of January 2026, about 18% of Maryland nursing homes are classified as Special Focus Facilities (SFFs), SFF Candidates, or assigned a one-star overall rating by CMS. Special Focus Facilities (SFFs) and SFF Candidates are nursing homes determined by CMS to have a history of serious quality issues or are included in a special program to stimulate improvements in their quality of care.

A 2024 study of nursing homes in Illinois found that facilities hid 68% of their profits through related-party payments. The researchers estimated that spending these dollars on registered nurses would have enabled nursing homes to increase RN staffing hours per resident by 36%.

Policymakers have enacted standards similar to House Bill 1414 in New Jersey (90%), Massachusetts (75%), and New York (70%).

### *Equity Implications*

Many direct care workers in Maryland nursing homes face economic hardship:

- Direct care workers in Maryland nursing homes typically took home less than \$32,000 in 2023.
- 35% of nursing home workers have family income less than double the federal poverty line (today, \$54,640 for a family of three).
- 41% receive public assistance.
- 39% spend more than 30% of their income on housing.

Direct care workers in Maryland nursing homes are disproportionately women and workers of color:

- 82% of direct care workers in nursing homes in Maryland are Black and 88% are workers of color, as of 2023.
- 95% are women.
- 39% were born outside the United States.
- 34% are raising children.

### *Impact*

House Bill 1414 would likely **improve racial, gender, and economic equity** in Maryland.

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<sup>i</sup> “The Direct Services Workforce in Long-Term Services and Supports in Maryland and the District of Columbia,” PHI, 2018, <https://phinational.org/wp-content/uploads/2018/09/DSWorkers-Maryland-2018-PHI.pdf>

<sup>ii</sup> MDCEP analysis of IPUMS American Community Survey microdata.

<sup>iii</sup> MDCEP analysis of Maryland Department of Planning population projections.

<sup>iv</sup> “Nursing Home Costs 2025 Report Pursuant to Ch. 733 of the Acts of 2025,” Maryland Department of Health, 2025, <https://health.maryland.gov/mmcp/Documents/JCRs/2025/NHcostreportsJCRfinal10-25.pdf>

<sup>v</sup> CMS data compiled by the Long Term Care Community Coalition, 2026, <https://nursinghome411.org/data/ratings-info/feb2026/>

<sup>vi</sup> Ashvin Gandhi and Andrew Olenski, “Tunneling and Hidden Profits in Health Care,” National Bureau of Economic Research Working Paper 32258, 2024 (revised 2025), [https://www.nber.org/system/files/working\\_papers/w32258/w32258.pdf](https://www.nber.org/system/files/working_papers/w32258/w32258.pdf)

<sup>vii</sup> Carl Davis, Matthew Gardner, and Michael Mazerov, “A Revenue Analysis of Worldwide Combined Reporting in the States,” Institute on Taxation and Economic Policy, 2025, <https://itip.org/worldwide-combined-reporting-state-corporate-taxes/>

<sup>viii</sup> PHI Workforce Data Center, <https://www.phinational.org/policy-research/workforce-data-center/>