



Official Testimony: Senate Finance Committee

SB 677

Bill Title –Maryland Healthcare Commission –Nursing Homes -Audit

Position: **FAVORABLE WITH AMENDMENTS**

Chair Kelley, Vice Chair Feldman and Members of the Committee,

My name is Claudia Balog, I lead the Research Department of the Maryland/DC Region of 1199SEIU United Healthcare Workers East. We are the largest healthcare workers union in the nation and represent 10,000 workers in long-term care facilities, hospitals and clinics throughout Maryland and the District of Columbia. Our union supports SB 677 with the Amendments submitted, and we urge the Committee to issue a favorable report.

This COVID pandemic has highlighted and exacerbated the problems that have existed in the Nursing Home industry for years. Last year, the Washington Post reported on how conditions deteriorated at a chain of skilled nursing facilities which were purchased by a Private Equity company called Portopiccolo. Residents faced dangerous conditions in facilities while workers reported that the company sought to slash their wages and benefits.

Transfers of ownership in the nursing home industry will continue. On average, 19 nursing homes in Maryland change ownership to an entity outside of the state each year. The Office of Healthcare Quality estimated that 6 nursing homes will transfer ownership to an entity that does not already own or operate another nursing home in Maryland in FY 2022.¹

Unfortunately, too many stakeholders are in the dark when it comes to understanding the finances of our state's 228 nursing homes. **This is not the result of a lack of data collection. We believe the State can provide better, synthesized information for stakeholders who are seeking to develop policies that improve quality in nursing homes.**

Nursing homes file detailed cost reports to both CMS (Center for Medicare Services) and to the State of Maryland. Unfortunately, these finances are opaque to consumers and advocates seeking to improve the quality of care in these facilities. We know broadly that increased resources need to be dedicated to long-term care. Yet, it often feels like we are flying blind. How many of the nursing homes in Maryland are struggling and therefore vulnerable to acquisition by operators who have put profits over quality in other states? Are there trends we need to identify, either

geographically, or based on ownership? Can we prevent an influx of Private Equity ownership in our State by ensuring the viability of our established operators? If so, can we do that without access to the information that is crucial to guiding these decisions?

While nursing home financial data is reported to the State it is not currently synthesized into a format that is particularly helpful to stakeholders. Accessible synthesized information about the finances of nursing homes would be a valuable tool for policy and decision makers. For example: some legislative and regulatory options to improve quality of care hinge upon the ability of skilled nursing facilities to increase their staffing levels and retain experienced workers. Yet, so long as the finances of the industry are embedded in public use datasets, we will face challenges in developing targeted solutions that are financially sustainable for the industry.

1199SEIU believes the transparency of hospital financial data provides a roadmap for the improvements we can make. Unlike hospitals, whose audited financial statements are posted on the Health Services Cost Review Commission website, cost report data submitted by nursing homes to the State is not easily accessible to the public. Additionally, the HSCRC regularly synthesizes data for a public audience on hospital financial performance. With care offered in 30,000 beds across the State that is largely financed through Medicaid, the public must have a better understanding of the financial pressures and viability of our nursing homes.

The role that Nursing Homes play in our State's Total Cost of Care Model also speaks to the importance of transparency to the public. Patients who are discharged from hospitals must be placed into nursing homes that are able to operate at the highest standards of quality - which includes the ability to pay for safe staffing, PPE (Personal Protective Equipment), training, and infection control. We therefore believe that a summary report to the public of the financial data that is already reported to the state and used by the Maryland Health Care Commission in health planning analysis would be a good first step towards creating this transparency.

A single comprehensive report to the public, posted on the website of the Maryland Healthcare Commission at the end of each year, could detail yearly trends in financial performance and utilization by facility, ownership group, and by region. The report could also include a list of all changes in ownership at nursing homes for that calendar year

Additionally, links on the Maryland Department of Health website to the individual annual cost reports filed by skilled nursing facilities to the State would make sense, given the industry's role in our healthcare delivery system.

We urge this Committee to give SB 677 with the submitted Amendments a favorable report.

Sincerely,

Claudia Balog
Lead Researcher
1199SEIU United Healthcare Workers East
Claudia.balog@1199.org