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THE SENATE OF MARYLAND
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TESTIMONY OF SENATOR DELORES G. KELLEY
REGARDING SENATE BILL 677-MARYLAND HEALTH CARE
COMMISSION-NURSING HOMES-AUDIT
BEFORE THE SENATE FINANCE COMMITTEE
ON MARCH 17, 2022

Mr. Vice-Chairman and Members:

Senate Bill 677 (with significant amendments) is here before us today because of concerns of health care slippage, and poor financial management of far too many Maryland nursing homes, serving our most fragile and medically needy elderly residents.

Let's review together significant declines in quality of care, combined in far too many cases, with poor financial management concerning numbers of private equity investment companies purchasing Maryland nursing homes, based on profit motives, and with little or no concern for the health care needs, the interpersonal needs, and the quality of life concerns of nursing home residents.

COVID-19 has both highlighted and exacerbated short-staffing, a problem that has long existed in the nursing home industry. I have been working with advocates, industry representatives, regulators, and some other legislators to identify and address concerns at our nursing homes, including rampant transfers of ownership in this industry , especially the increasing number of nursing home purchases by private equity investment companies, more interested in company profits, than in promoting healthy and socially affirming environments for their nursing home residents.

In December 2020, the Washington Post reported the terrible conditions at a major chain of skilled nursing facilities, purchased by a private equity investment company (article attached). Family members and concerned staff described unsafe conditions for the residents, coupled with reduced wages and benefits for staff, immediately following the purchase.

I am proud of the work that Colleagues accomplished last session to pass a Bill that requires increased quality surveys of Maryland nursing homes sold to out-of-state operators. SB 704 last year's survey Bill, has given us an important tool, and the Maryland Office of Health Care Quality reports

that we expect about six of our Maryland nursing homes to transfer to an out-of-state operator this year.

Maryland needs a much clearer picture of the quality, the service deficits, and the financial management, and the affordability of our nursing homes, and we need a better understanding of how many are at risk of being purchased by bad actors. Nursing homes already file cost reports, and our Health Care Commission uses this information for health care planning.

We need to understand more, however, regarding industry trends. Are non-profit facilities faring worse than for-profits? Are there concerning trends that regulators can identify across ownership chains? Are good established operations at risk of being acquired by private equity companies, which are more concerned about profits, than about the delivery of quality care?

Information regarding the finances and quality controls of nursing homes are not easily accessible to nursing homes residents, or to their families and advisors, although our nursing homes are supported by Medicaid dollars.

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As amended, Senate Bill 677 will not require a new calendar of audits, but will reflect advice received from the Maryland Health Care Commission. Senate Bill 677 (as amended):

- 1) highlights each change in ownership of any Maryland nursing homes during the calendar year;**
- 2) describes management trends of Maryland nursing homes, by ownership group, and by region, and**
- 3) reports a summary of financial data included in public use datasets, so that the public and the legislature can see profitability, operating costs and expenses, as well as margins.**

I invite you to join the advocates for SB 677 in calling upon the Health Care Commission to include website links to cost reports already required of every Maryland nursing home.

Colleagues, knowledge is power, for the General Assembly and for the public, especially for families and advisors of Marylanders requiring nursing home services. I therefore ask for your favorable report of SB 677 as amended.