



Official Testimony  
SB 677

*Bill Title –Maryland Healthcare Commission –Nursing Homes -Audit*  
Position: **FAVORABLE WITH AMENDMENTS**

Chair Pendergrass and Members of the Health and Governance Operations 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 HB 677 with the Amendments submitted and we urge the Committee to issue a favorable report.

**1. Transfers of Ownership Can Negatively Impact Quality**

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.<sup>1</sup>

**2. Nursing Home Finances Are Opaque**

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 simply believe the State can provide better, synthesized information for stakeholders who are seeking to develop policies that improve quality in nursing homes.

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<sup>1</sup> [https://mgaleg.maryland.gov/2021RS/fnotes/bil\\_0004/hb0674.pdf](https://mgaleg.maryland.gov/2021RS/fnotes/bil_0004/hb0674.pdf)

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, our decision making is made much more difficult without answers to key questions. 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 good, established operators?

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. If 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.

### **3. Existing Information on Nursing Home Finances Should be More Accessible**

We would like to dispel the contention by some representatives from the nursing home industry that the synthesized reporting and navigable information that this bill is now seeking is duplicative.

CMS cost report data can be accessed through public use files of the Healthcare Cost Report Informaton System (HCRIS) however, these are not data files that the public can use with ease.<sup>2</sup> Meanwhile, the Maryland Health Care Commission (MHCC) collects limited cost report information for the purposes of their Certificate of Need Review and health planning analyses.<sup>3</sup> These “Public Use Files” are also data sets in excel and access workbooks that are not user friendly. The MHCC does currently offer some helpful reports on trends<sup>4</sup> and utilization in skilled nursing facilities by region.<sup>5</sup> Unfortunately, these reports lack the important context of nursing home finances.

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<sup>2</sup> [Cost Reports | CMS](#)

<sup>3</sup> [https://mhcc.maryland.gov/public\\_use\\_files/compdownload.html](https://mhcc.maryland.gov/public_use_files/compdownload.html)

<sup>4</sup> [Nursing Home \(maryland.gov\)](#)

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[https://mhcc.maryland.gov/mhcc/pages/hcfs/hcfs\\_ltc/documents/Routine\\_Reports\\_All\\_Tables\\_6\\_30\\_2021.pdf](https://mhcc.maryland.gov/mhcc/pages/hcfs/hcfs_ltc/documents/Routine_Reports_All_Tables_6_30_2021.pdf)

Meanwhile, the Office of Healthcare Quality maintains the “CHOW dashboard” which lists long term care changes of ownership.<sup>6</sup> Unfortunately, this information is also incomplete for the purpose of understanding acquisition trends in Maryland. For example, “Heartland of Adelphi MD LLC” is a nursing home which changed hands on 03/01/2020 and is now operating as “Adelphi Nursing and Rehabilitation Center, LLC.” The CHOW list does not tell the public that the facility is now owned by a New Jersey-based chain called Vita Healthcare. For that information, one would have to review the data collected on Nursing Home compare, the quality reporting portal which can be accessed on the MHCC’s website.<sup>7</sup> The information stakeholders seek should not require detecting skills and this legislation addresses that problem.

#### **4. Transparency Improves and Informs Our Decision Making**

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 financed through Medicaid, all stakeholders 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 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.

This bill no longer places a demand on the MHCC to conduct an audit. As amended, it now asks for the MHCC to A single comprehensive report to the public, posted on the MHCC website 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 benefit the public, given the industry’s role in our healthcare delivery system.

#### **5. Examples of Better Financial Transparency in Other States**

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<sup>6</sup> <https://app.smartsheet.com/b/publish?EQBCT=94a019649f3649e68af14c6f81fb25a7>

<sup>7</sup> <https://healthcarequality.mhcc.maryland.gov/NursingHome/Detail/27>

Jurisdictions across the country are increasing the transparency of the financial information provided to the public in the nursing home industry. In our neighbor Virginia, detailed financial information by region<sup>8</sup> or by individual facility<sup>9</sup> that is pulled from cost report filings can be easily accessed on Virginia's Health Information website.

Connecticut provides cost report data in excel-formatted workbooks on its website.<sup>10</sup> Individual cost reports dating back 10 years can be accessed on the Illinois Healthcare and Family Services website,<sup>11</sup> and the state just completed a comprehensive review of Nursing Home Payment for their state legislature.<sup>12</sup> Massachusetts recently conducted a five-year analysis of trends in the nursing facility industry,<sup>13</sup> along with an analytic dashboard with searchable information.<sup>14</sup> California provides nursing facility cost report data on a navigable website for the public. Individual disclosure reports are all available, along with Pivot table trends that can be searched by specific facility or county, or custom created (for example: investor-owned facilities in a specific county with a specific number of beds).<sup>15</sup>

There is no reason Maryland should not follow suit in both providing both accessible information and a state analysis of important trends to the public.

## 6. Conclusion

We would like to extend our thanks to Ben Steffen and Tracy DeShields of the Maryland Health Care Commission. We appreciated the opportunity to discuss the ideas presented in the original version of this bill, which the MHCC was not in support of. Taking their concerns into consideration, we suggested Amendments to the legislation, and we are pleased to report that the MHCC is now in support of the bill. As stakeholders who often turn to the wide range of information provided by the MHCC for our advocacy, we have great confidence in the agency and their willingness to provide clear and navigable data for the public. For all these reasons, 1199SEIU urges this Committee to give HB 677 with the submitted Amendments a favorable report.

Sincerely,

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<sup>8</sup> [https://www.vhi.org/Long-Term-Care/ltc\\_providers.asp](https://www.vhi.org/Long-Term-Care/ltc_providers.asp)

<sup>9</sup> <https://www.vhi.org/Battlefield%20Park%20Health%20&%20Rehab%20Center.html?tab=&?=nh7283/>

<sup>10</sup> <https://portal.ct.gov/DSS/Health-And-Home-Care/Medicaid-Nursing-Home-Reimbursement/Nursing-Facility-Cost-Reports/Quarterly-Cost-Report-Data>

<sup>11</sup> <https://www2.illinois.gov/hfs/MedicalProviders/CostReports/Pages/default.aspx>

<sup>12</sup>

<https://www.ilga.gov/reports/ReportsSubmitted/2953RSGAEmail5599RSGAAttachHFS%20NF%20Final%20Report%20on%20Nursing%20Home%20Payment.pdf>

<sup>13</sup> [Nursing-Facility-Report.pdf \(chiamass.gov\)](#)

<sup>14</sup> [Massachusetts Nursing Facilities \(chiamass.gov\)](#)

<sup>15</sup> [Long-Term Care Facility Financial Data - HCAI](#)