

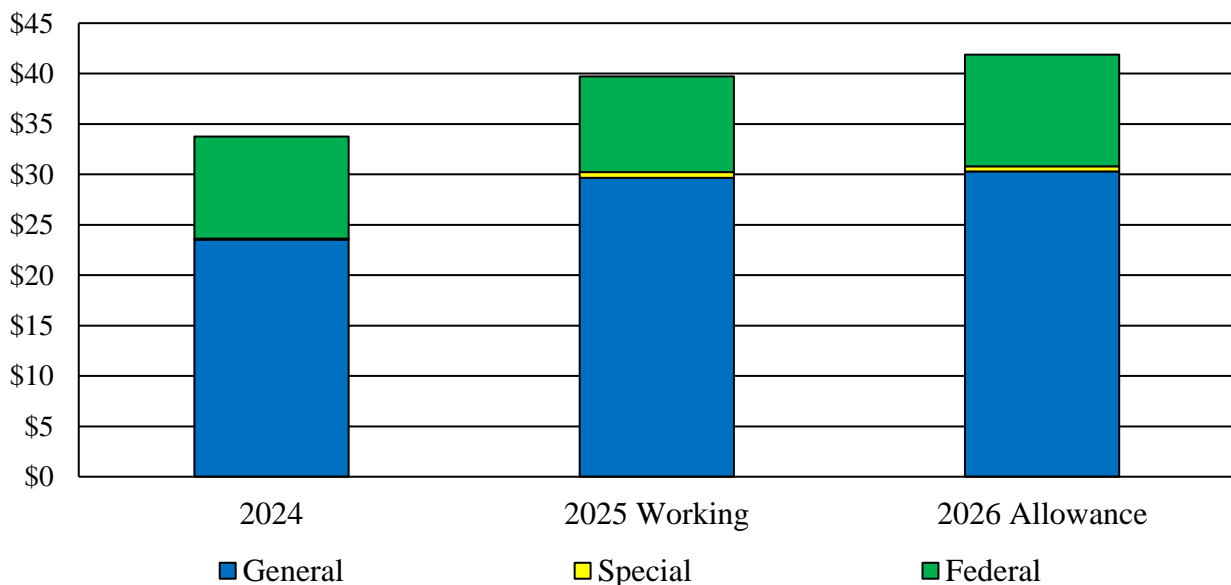
M00B0103
Office of Health Care Quality
Maryland Department of Health

Program Description

The Office of Health Care Quality (OHCQ) within the Maryland Department of Health (MDH) is responsible for monitoring the quality of care and life standards in various health care facilities and programs. OHCQ's main functions include surveying health care facilities to determine their compliance with minimum standards for licensure and certification for both State and federal regulations. The office issues State licenses and allows facilities to participate in Medicare and Medicaid programs by reviewing and recommending facilities for federal certification. The office is organized into five major units that have separate facility licensing and regulatory responsibility: the Developmental Disabilities Unit (DDU); the Federal Unit; the Assisted Living Unit; the Long Term Care Unit; and the Clinical and Forensic Laboratories Unit. Smaller regulatory units oversee hospice facilities and adult medical day care services.

Operating Budget Summary

Fiscal 2026 Budget Increases \$2.2 Million, or 5.4%, to \$41.9 Million
(\$ in Millions)



Note: The fiscal 2025 impacts of statewide salary adjustments are centrally budgeted in the Department of Budget and Management (DBM), and adjustments are not reflected in this agency's budget. The fiscal 2026 impacts of the fiscal 2025 statewide salary adjustments appear in this agency's budget. The fiscal 2026 statewide salary adjustments are centrally budgeted in DBM and are not included in this agency's budget.

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- Due to State and federal law requiring OHCQ to license, certify, and survey facilities participating in Medicare and Medicaid, the office’s annual budget is partially supported with federal funds from those programs. The fiscal 2026 allowance slightly decreases the State share, with 72% of the budget supported by general funds compared to 75% in fiscal 2025, as federal fund spending increases at a faster rate than general fund spending.

Fiscal 2025

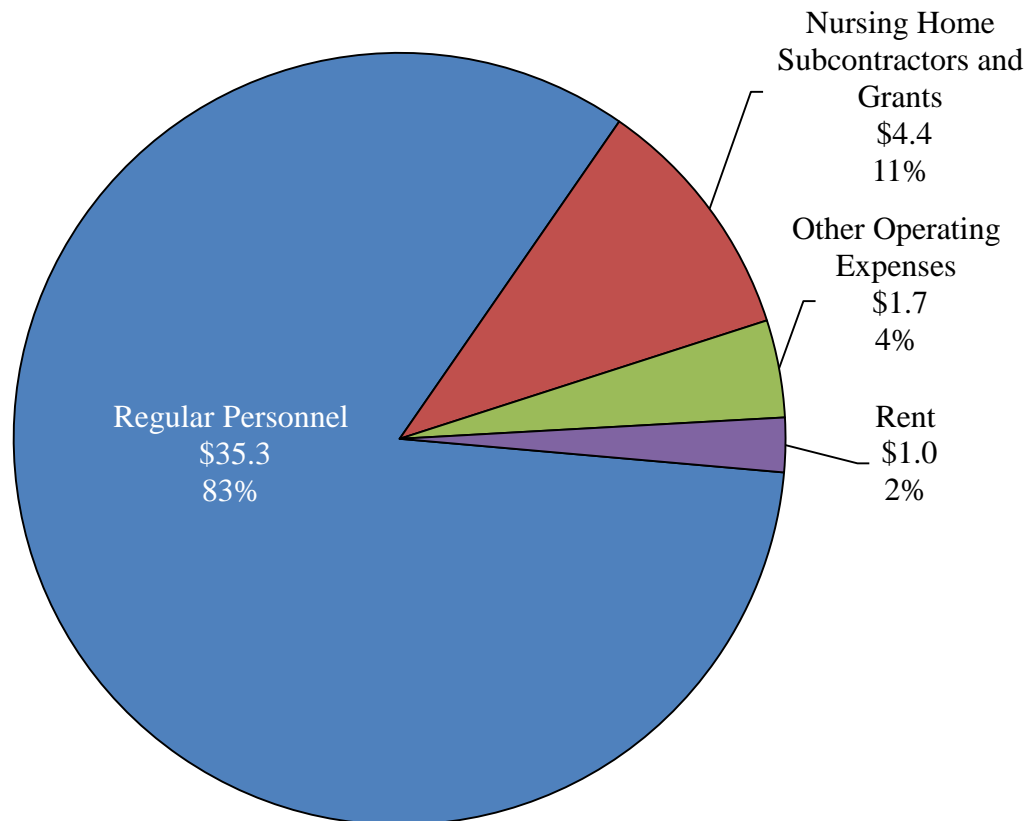
Implementation of Legislative Priorities

Section 21 of the fiscal 2025 Budget Bill (Chapter 716 of 2024) added \$103,000 in general funds and 1.0 regular position to support hiring an additional health facility surveyor nurse in the Long Term Care Unit to conduct initial surveys and follow up surveys of licensed nursing homes to meet survey requirements. More information on OHCQ’s status in meeting annual survey goals is provided in Key Observation 1. **OHCQ should comment on whether the added position has been filled.**

Fiscal 2026 Overview of Agency Spending

Exhibit 1 shows the fiscal 2026 allowance of \$41.9 million by use of funding. Considering the office’s regulatory nature, salaries and fringe benefits for regular personnel account for the vast majority (83%) of agencywide spending. The second largest expenditure includes funding for the Long Term Care Unit, including \$4.4 million for subcontractor nurse surveyors to conduct overdue complaint surveys in nursing homes and \$470,536 in civil money penalty reinvestment grants authorized per federal guidelines to support projects that benefit nursing homes.

Exhibit 1
Overview of Agency Spending
Fiscal 2026 Allowance
(\$ in Millions)

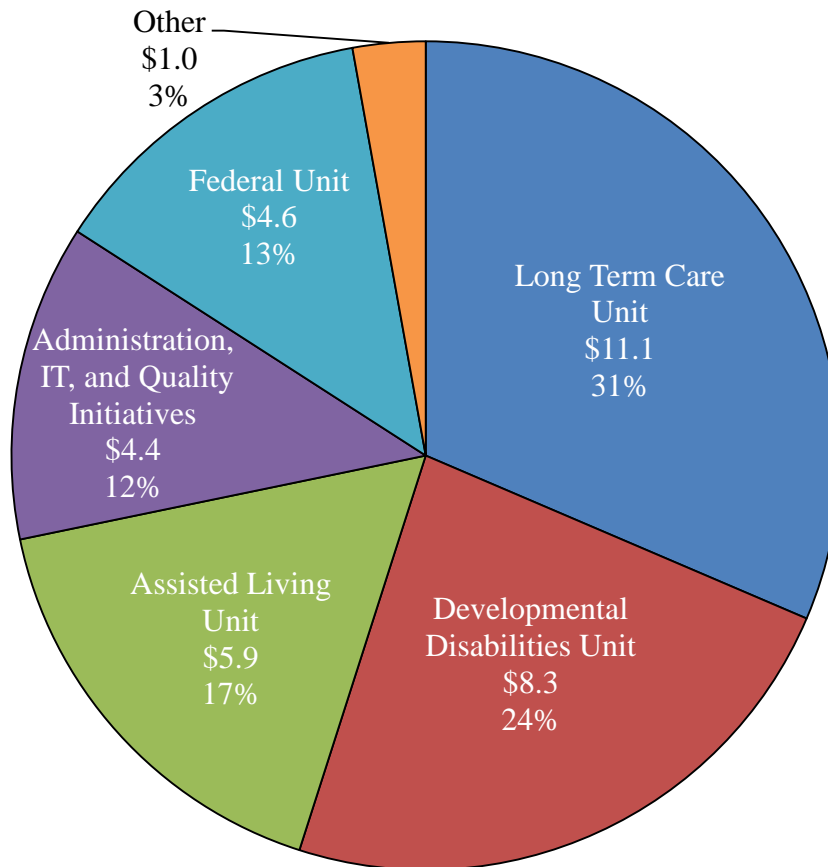


Note: The fiscal 2026 statewide salary adjustments are centrally budgeted in the Department of Budget and Management and are not included in this agency's budget.

Source: Governor's Fiscal 2026 Budget Books

Exhibit 2 provides a breakdown of personnel spending by monitoring unit. As shown, more than half of regular personnel costs support the Long Term Care Unit and DDU. As the largest monitoring unit, the Long Term Care Unit comprises 31%, or \$11.1 million, of personnel costs. Funding is also allocated toward DDU (24%), the Assisted Living Unit (17%), and the Federal Unit (13%). Additionally, 12% of resources are dedicated to services that assist all monitoring units, including administrative expenses, information technology solutions, and quality performance monitoring.

Exhibit 2
Personnel Spending by Monitoring Unit
Fiscal 2026 Allowance
(\$ in Millions)



IT: information technology

Note: The fiscal 2026 statewide salary adjustments are centrally budgeted in the Department of Budget and Management and are not included in this agency's budget.

Source: Department of Budget and Management; Maryland Department of Health

Proposed Budget Change

As shown in **Exhibit 3**, the fiscal 2026 allowance increases by \$2.2 million compared to the fiscal 2025 working appropriation. Most of the change in the budget is due to a net increase of \$2.2 million in regular personnel costs, with smaller changes in expenses relating to nurse surveyor positions and administrative changes. Because one of OHCQ's main functions is surveying health care facilities, various smaller changes in operating expenses relate to nurse surveyor positions, including increased expenditures for routine travel costs, vehicle-related expenses, and specialized training. The remaining change in the fiscal 2026 allowance is accounted for by a net decrease in administrative costs, driven by a reduction in contractual health insurance expenses.

Exhibit 3 Proposed Budget Maryland Department of Health – Office of Health Care Quality (\$ in Thousands)

How Much It Grows:	General Fund	Special Fund	Federal Fund	Total
Fiscal 2024 Actual	\$23,525	\$102	\$10,131	\$33,758
Fiscal 2025 Working Appropriation	29,639	593	9,494	39,726
Fiscal 2026 Allowance	<u>30,280</u>	<u>506</u>	<u>11,102</u>	<u>41,889</u>
Fiscal 2025-2026 Amount Change	\$640	-\$86	\$1,608	\$2,162
Fiscal 2025-2026 Percent Change	2.2%	-14.6%	16.9%	5.4%
Where It Goes:				<u>Change</u>
Personnel Expenses				
Salary increases and associated fringe benefits including fiscal 2025 COLA and increments				\$1,774
Turnover decreases from 8.86% to 5.44%				1,126
Workers' compensation.....				6
One time additional funding for reclassifications to account for hiring above base step in fiscal 2025				-311
Employee and retiree health insurance.....				-389
Nurse Surveyor Expenses				
Routine travel costs for nurse surveyors				222
Gas and oil for vehicles for nurse surveyors				11
Training for nurse surveyors, including with the Association of Health Facility Survey Agencies				10
Portable scanners for nurse surveyors				5

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Where It Goes:	<u>Change</u>
One-time expenses for additional vehicles for nurse surveyors requested in fiscal 2025	-29
Administrative Changes	
Rent	18
HVAC and generator maintenance	17
Office supplies and equipment.....	14
Cell phone expenditures based on anticipated number of cell phones required for operations.....	-21
Contractual health insurance expenses.....	-281
Other administrative costs.....	-8
Total	\$2,162

COLA: cost-of-living adjustment

Note: Numbers may not sum to total due to rounding. The fiscal 2025 impacts of statewide salary adjustments are centrally budgeted in the Department of Budget and Management (DBM), and adjustments are not reflected in this agency's budget. The fiscal 2026 impacts of the fiscal 2025 statewide salary adjustments appear in this agency's budget. The fiscal 2026 statewide salary adjustments are centrally budgeted in DBM and are not included in this agency's budget.

Personnel Data

	<u>FY 24</u> <u>Actual</u>	<u>FY 25</u> <u>Working</u>	<u>FY 26</u> <u>Allowance</u>	<u>FY 25-26</u> <u>Change</u>
Regular Positions	256.00	275.00	275.00	0.00
Contractual FTEs	<u>6.78</u>	<u>0.00</u>	<u>0.00</u>	<u>0.00</u>
Total Personnel	262.78	275.00	275.00	0.00

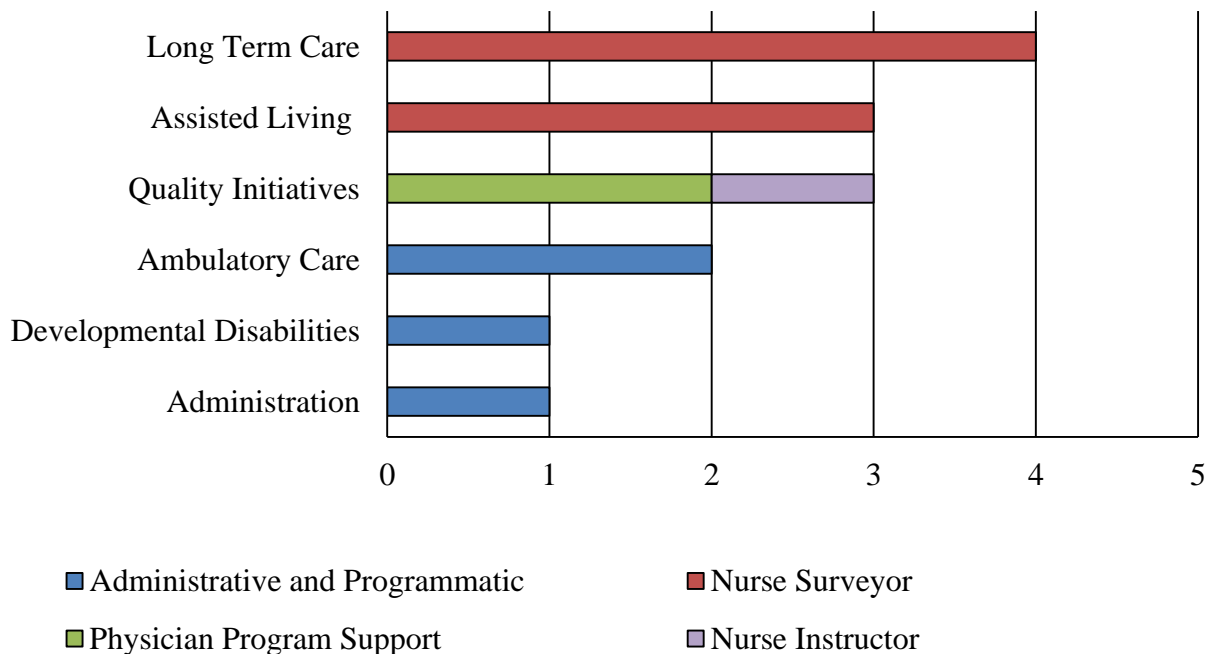
Vacancy Data: Regular Positions

Turnover and Necessary Vacancies, Excluding		
New Positions	14.96	5.44%
Positions and Percentage Vacant as of 1/8/25	14.00	5.09%
Vacancies Below Turnover	0.96	

Improvements in Filling Vacancies

As of January 8, 2025, the agency had a total of 14 vacant positions, with a vacancy rate of 5.09%. This shows significant improvement in recent years, with historical January vacancy rates of 17% in 2024, 13% in 2023, and 18% in 2022. **Exhibit 4** shows the number and position type of current vacancies within each program. Out of the total 14 vacant positions, half are vacant nurse surveyor positions within the Long Term Care Unit (4 vacancies) and the Assisted Living Unit (3 vacancies) that have been vacant for less than six months. There are also a total of 4 vacant administrative and programmatic positions that have been vacant for less than nine months: 2 positions in the ambulatory care program, 1 position in DDU, and 1 position in the administration program. Lastly, the quality initiatives program has 2 vacancies supporting the physicians' program that have been vacant for less than a year, and 1 vacant nurse instructor position that has been vacant for less than a month.

Exhibit 4
Vacant Positions by Program and Position Type
As of January 31, 2025



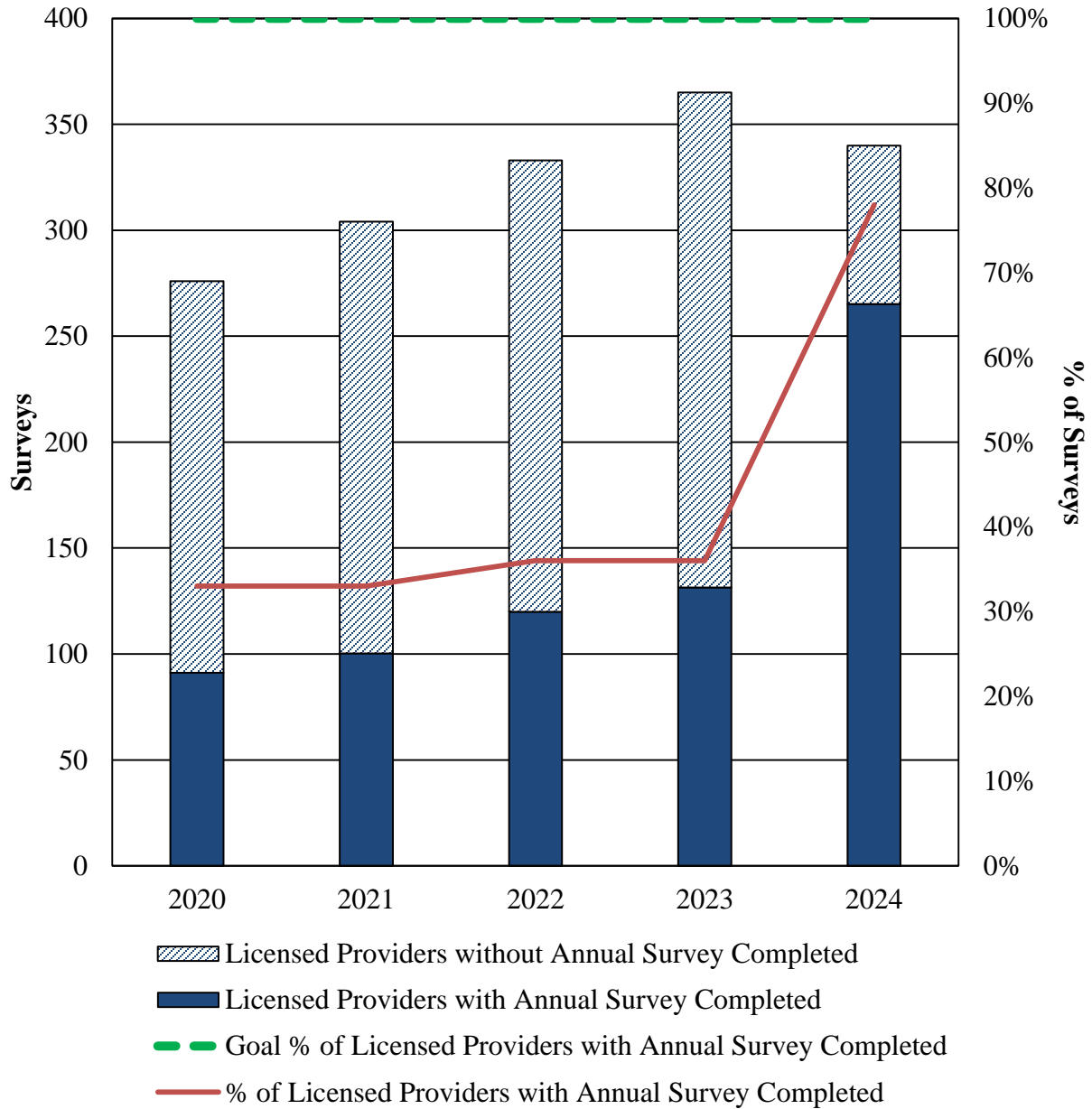
Source: Department of Budget and Management; Department of Legislative Services

Key Observations

1. Status of Meeting Annual Survey Goals and Federal Reporting Requirements

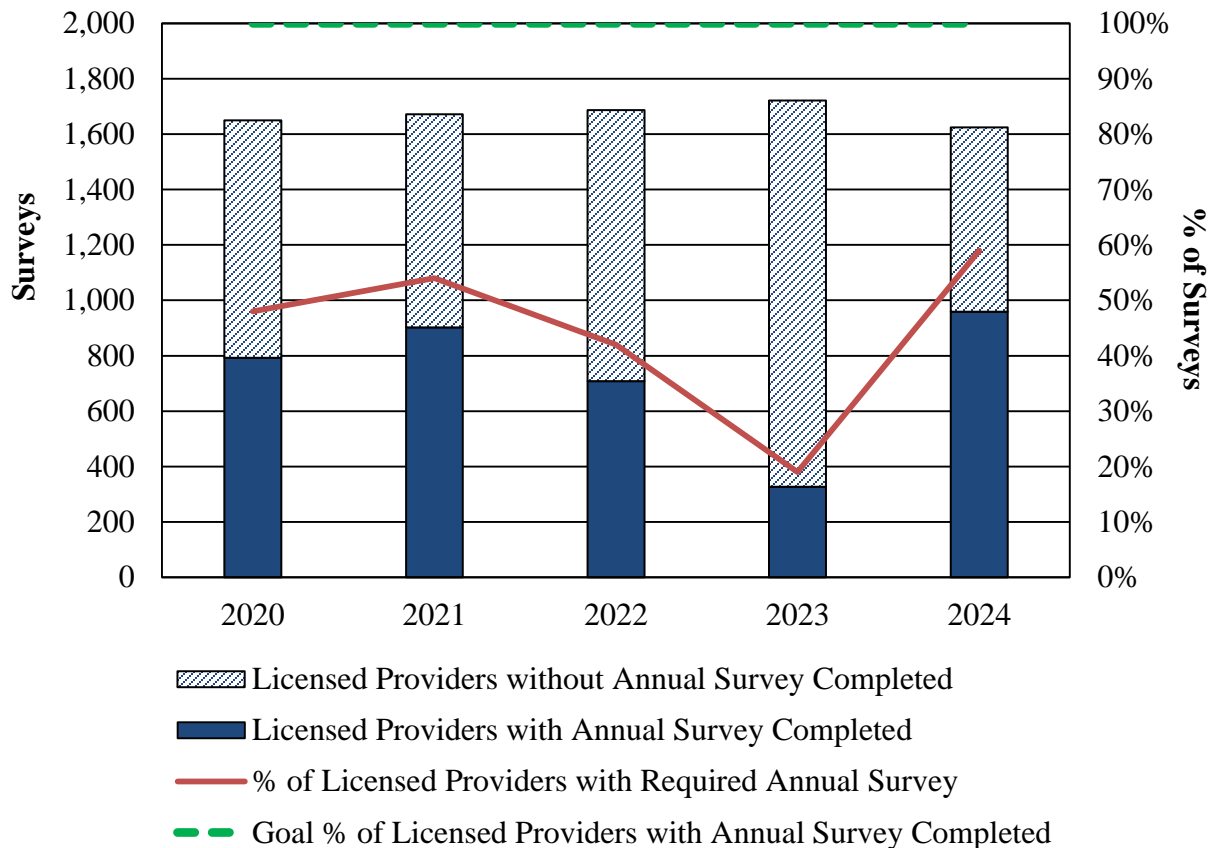
OHCQ monitoring units have mandates for conducting surveys and initiating complaint investigations within certain timeframes. These mandates require DDU and the Assisted Living Unit to conduct annual surveys of all licensed providers. As shown in **Exhibit 5** and **Exhibit 6**, both DDU and the Assisted Living Unit made improvements in fiscal 2024, although neither reached their mandated annual survey goal of 100%. In DDU, the percentage of licensed providers with annual surveys completed was between 33% to 36% from fiscal 2020 to 2023 but improved to 78% in fiscal 2024. For the Assisted Living Unit, the percentage of licensed providers with annual surveys completed improved from 19% in fiscal 2023 to 59% in fiscal 2024. OHCQ previously reported that challenges in meeting annual survey goals included an insufficient number of trained surveyors and increased number of providers. Although both units reported slight decreases in the total number of providers in fiscal 2024 compared to the prior year, the driving factor for the increase in the percentage surveyed was a significant increase in the number of providers surveyed in fiscal 2024.

Exhibit 5
Developmental Disabilities Unit Annual Surveys
Fiscal 2020-2024



Source: Department of Budget and Management Managing for Results Goals

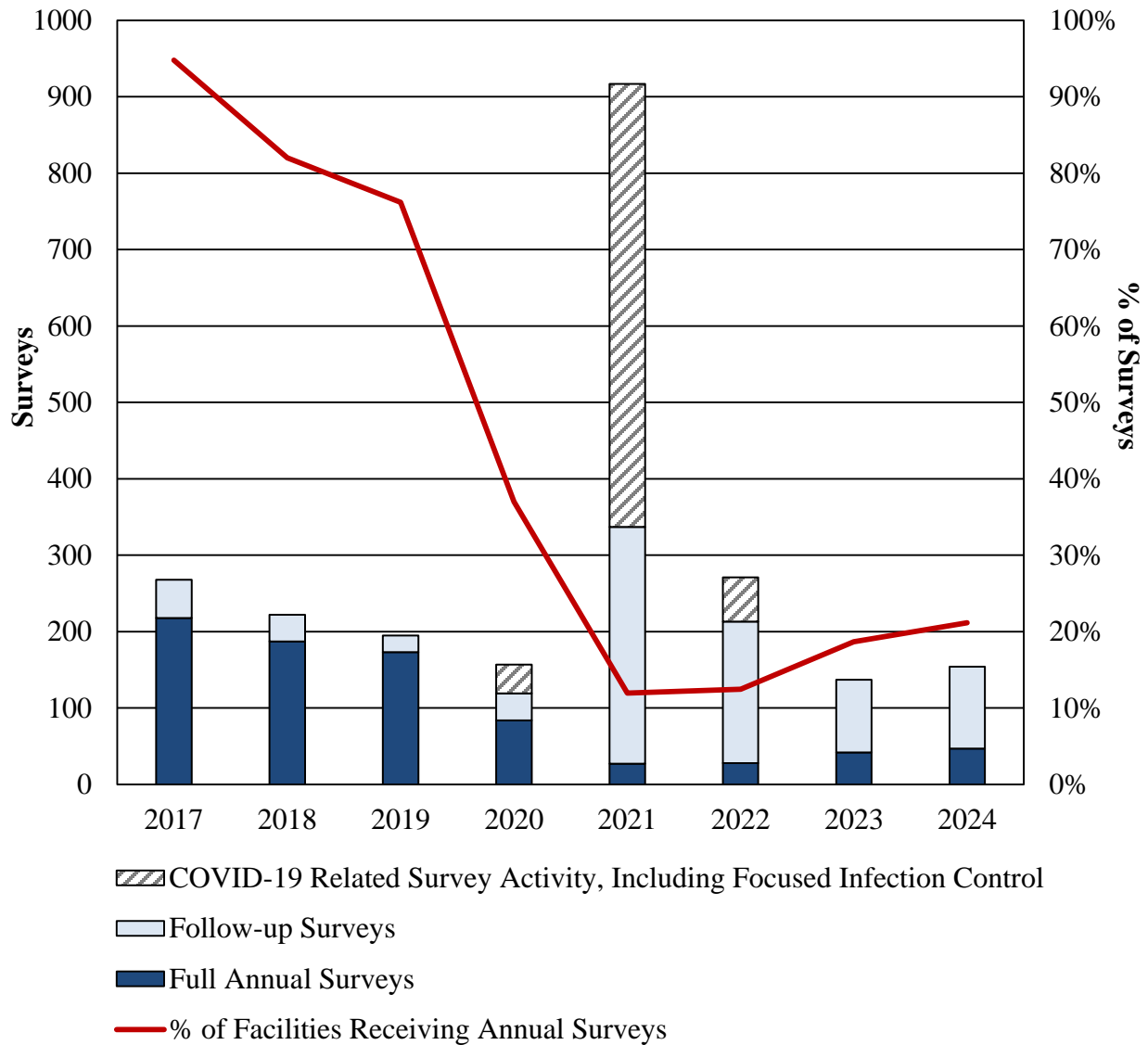
Exhibit 6
Assisted Living Unit Annual Survey
Fiscal 2020-2024



Source: Department of Budget and Management Managing for Results Goals

Exhibit 7 displays the Long Term Care Unit’s nursing home survey activities in the past eight years, showing an overall decrease from fiscal 2017 to 2021 in full annual surveys that were completed, followed by improvements in full annual surveys completed between fiscal 2022 and 2024. For annual surveys, OHCQ surveyors must follow the Centers for Medicare and Medicaid Services (CMS) federal prioritization of survey activities that are structured into four tiers, with Tier 1 having the highest priority and Tier 4 having the lowest priority. CMS guidelines specify that all nursing homes in the State must be surveyed once per year on average, and that no more than 15.9 months may elapse between completed surveys for any particular nursing home. As shown in the exhibit, OHCQ has not met these timelines, with only 21% of facilities receiving annual surveys in fiscal 2024. **OHCQ should provide the average and maximum time elapsed between surveys of nursing homes in fiscal 2024 and 2025 year to date.**

Exhibit 7
Long Term Care Unit Survey Activities
Fiscal 2017-2024

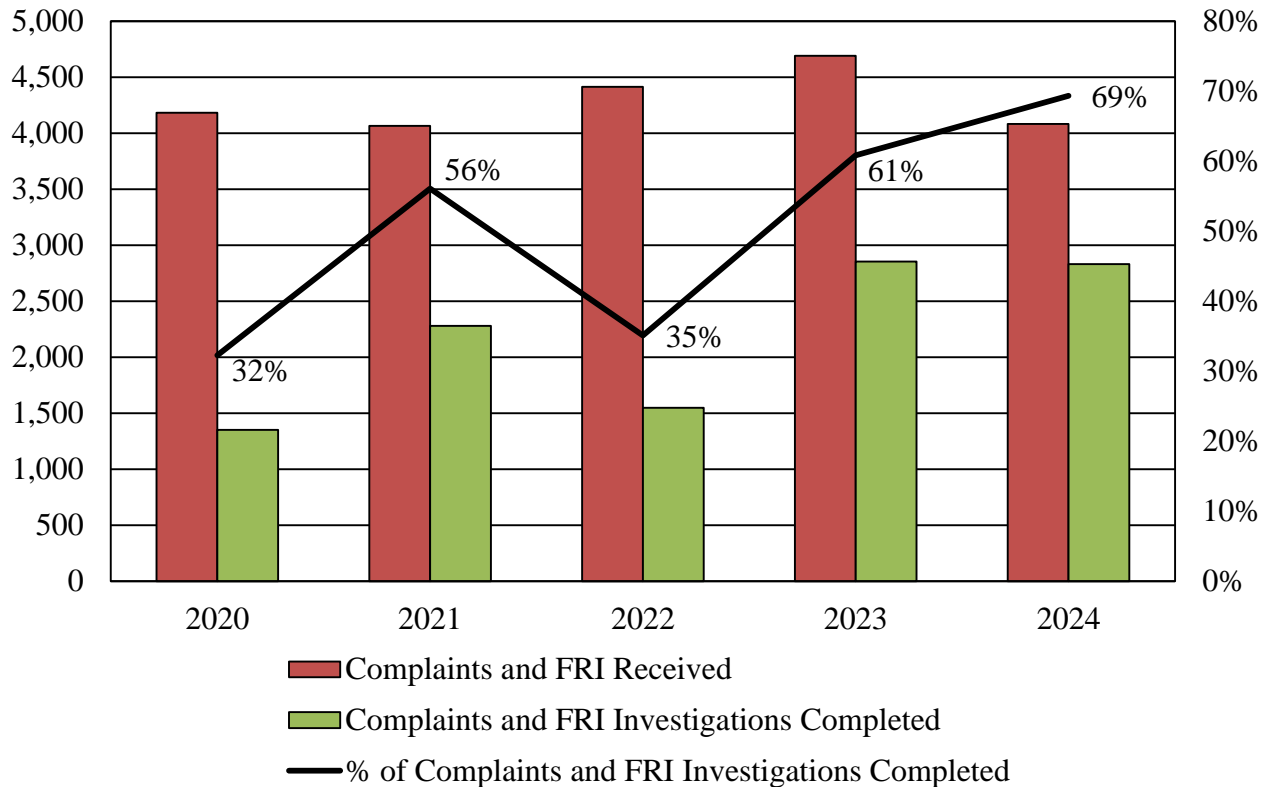


Source: Office of Health Care Quality

2. Improvements in Resolving Long Term Care Program Complaint Investigations Backlog

Although OHCQ experienced a backlog of complaint investigations in the Long Term Care Unit in recent years, fiscal 2024 showed improvement toward resolving complaints. Completing complaint investigations in timely manner is important in ensuring the quality of care and treatment that individuals receive at a nursing facility. **Exhibit 8** shows the total number of complaints and facility reported incidents received compared to completed investigations in each fiscal year between 2020 and 2024. As demonstrated in the exhibit, the percentage of completed investigations almost doubled from 35% in fiscal 2022 to 69% in fiscal 2024.

Exhibit 8
Complaint Investigations Received and Completed
Fiscal 2020-2024



FRI: facility reported incidents

Source: Office of Health Care Quality

Requirements for Prioritizing Complaint Investigations

Exhibit 9 summarizes the federal requirements from CMS issued in February 2023 regarding prioritizing complaint and incident investigations in nursing homes. The intake prioritization ranges from cases alleging Immediate Jeopardy, Non-Immediate Jeopardy High risk, Non-Immediate Jeopardy Medium risk, and Non-Immediate Jeopardy Low risk. For the lowest priority cases, complaints must be monitored for potential focus areas during the next onsite survey or investigated when a new complaint survey is initiated. The highest priority cases are those alleging Immediate Jeopardy, in which facilities' noncompliance with regulations places participant's health and safety at risk for serious injury, harm, impairment, or death. These priority cases must have an onsite survey initiated within three business days of receipt of the initial report.

Exhibit 9 Intake Prioritization for Complaint and Incident Investigations in Nursing Homes

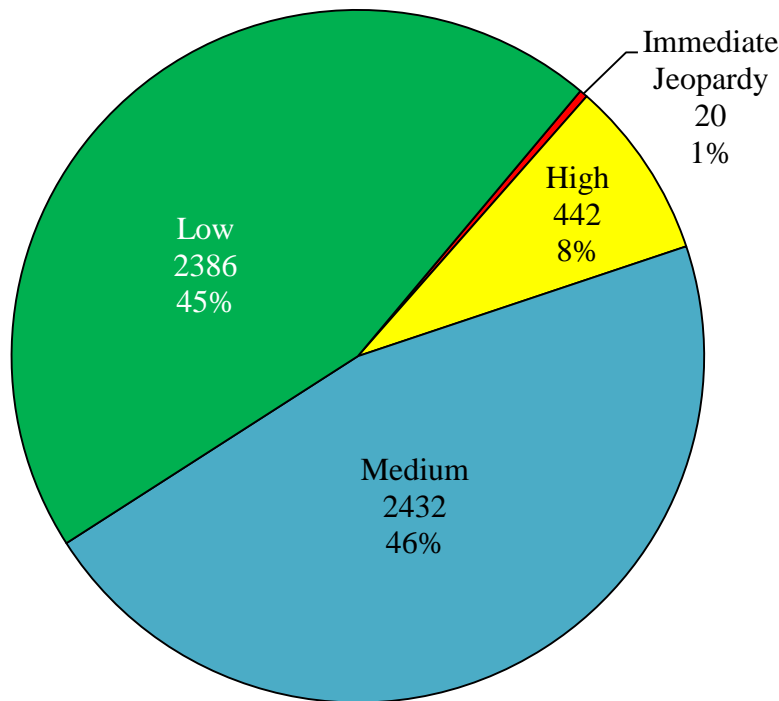
	<u>Immediate Jeopardy</u>	<u>Non-Immediate Jeopardy High</u>	<u>Non-Immediate Jeopardy Medium</u>	<u>Non-Immediate Jeopardy Low</u>
Complaints	Initiate onsite survey within 3 business days of receipt of initial report.	Initiate onsite survey within annual average of 15 business days of receipt of the initial report, not to exceed 18 business days.	Initiate onsite survey within 45 calendar days of receipt of initial report.	Track for potential focus areas during next onsite survey or new complaint survey.
Incidents	With inadequate resident protection, initiate onsite survey within 3 business days of receipt of initial report. With potentially adequate resident protection, initiate onsite survey within 7 business days of receipt of initial report.	Initiate onsite survey within annual average of 15 business days of receipt of the initial report, not to exceed 18 business days.	With inadequate facility response, initiate onsite survey within 45 calendar days of receipt of initial report.	With potentially adequate facility response, must track/trend for potential focus areas during next onsite survey or initiate new complaint survey.

Source: Centers for Medicare and Medicaid Services

OHCQ's Managing for Results (MFR) goals require a quicker timeline than the federal guidelines, requiring that investigations be initiated within two business days. MFR data shows that for each year from fiscal 2020 through 2023, the agency received between 5 and 33 cases alleging Immediate Jeopardy and met the MFR goal for 100% of cases. For fiscal 2024, the agency received 20 cases alleging Immediate Jeopardy and met the MFR goal for 70% of cases and resolved the remaining cases beyond the goal timeline but within the fiscal year.

Exhibit 10 provides a breakdown of complaint investigations completed in fiscal 2024 by prioritization. As shown, only 1% of cases were categorized as Immediate Jeopardy, and 8% of cases were of high priority. Most cases, 91%, were either medium or low priority. Based on data reported by OHCQ, the number of cases completed for the Non-Immediate Jeopardy High, Non-Immediate Jeopardy Medium, and Non-Immediate Jeopardy Low priority levels was greater than the number of intakes received in fiscal 2024. This suggests that OHCQ is making progress toward resolving intakes received in the current year, while also resolving backlogged cases received in prior years.

Exhibit 10
Complaint Investigations Completed by Priority
Fiscal 2024



Source: Office of Health Care Quality

Complaint Backlog Estimated to Be Resolved in Two Years with Contracts Awarded for Subcontractor Nurse Surveyors

On June 5, 2024, the Board of Public Works approved an expedited procurement request for subcontractor nurse surveyors to conduct overdue complaint surveys in nursing homes, and on October 7, 2024, MDH awarded two contracts. Both contracts were awarded for a base year totaling \$5.6 million and two renewal options that would cost an additional \$16.5 million. The contracts are primarily funded with \$3.9 million in general funds for each year in the fiscal 2025 appropriation and fiscal 2026 allowance in the Long Term Care Unit. OHCQ indicates that the fiscal 2026 budget includes an additional \$1.5 million in special funds and approximately \$200,000 in general funds. However, OHCQ's fiscal 2025 and 2026 budgets include less than \$600,000 in special funds each year. **OHCQ should clarify the source for special funds supporting the nurse surveyor contracts and discuss how these funds will be added to the budget.**

The contracts provide a total of 5 nurse surveyors but allow for a maximum of 13 nurse surveyors depending week-to-week on the contractor's ability to secure available, qualified, and certified nurse surveyors. The fiscal 2026 allowance includes a total of \$6.8 million in regular personnel spending to cover the cost of salaries for 72 nurse surveyor positions in the Long Term Care Unit. These costs include spending for salaries and do not include the cost of fringe benefits. The average salary for this position is \$94,772, with a range from \$69,323 to \$133,335.

Considering the total cost of salaries for 72 State employee nurse surveyor positions is \$6.8 million, and the contracts awarded only provide a range of 5 to 13 nurse surveyors per week for a total of \$5.6 million, OHCQ should comment on the cost effectiveness of the subcontractor nurse surveyors compared to full-time nurse surveyor positions.

MDH reported that the additional nurse contractor surveyors are needed because the Long Term Care Unit has insufficient nurse surveyor positions to complete State and federal mandates. The agency reported that the nurse surveyor subcontractors will complete pending complaint surveys, while the merit positions will conduct annual surveys. MDH stated that the nurse surveyor subcontractors are certified and able to independently survey nursing homes immediately to lower the overdue complaint investigations. This also allows OHCQ's new merit positions to complete orientation and a required 12-month certification process. OHCQ estimates resolving the backlog of complaint investigations in 2 years with current staffing levels.

3. Final Federal Rule on Staffing Requirements in Nursing Homes

In April 2024, CMS finalized the minimum staffing standards for Long Term Care Facilities and Medicaid institutional payment transparency reporting rule, adjusting federal requirements for staffing levels at nursing homes. Prior requirements specify that nursing homes must have at least 1 registered nurse (RN) for at least 8 straight hours, 7 days a week and either a licensed practical nurse or licensed vocational nurse on duty for 24 hours a day. CMS indicated

that the minimum staffing proposals build on existing requirements to reduce the risk of unsafe and low-quality care in facilities, as the current minimum standards do not reduce the risk of avoidable resident safety events when there is no RN onsite, especially during evenings, nights, weekends, and holidays. The finalized rule mandates that nursing home facilities implement the following staffing standards:

- an RN onsite 24 hours a day, 7 days a week;
- nursing homes to provide a total nurse staffing standard of 3.48 hours per resident day, including at least 0.55 hour per resident day from RNs, 2.45 hour per resident day, per resident day of care from nurse aides, and any combination of nurse staff for the remaining 0.48 hour per resident day; and
- enhanced facility assessment requirements, including requiring facilities to use evidence-based methods, assess specific needs of each resident in the facility, include the input of facility staff, and develop a staffing plan to maximize recruitment and retention.

The final rule has a staggered implementation of three phases across a three-year period for nonrural facilities and a five-year period for rural facilities to allow time to achieve compliance with the new minimum staffing requirements. Due to the additional challenges that rural facilities face, especially regarding staffing, these facilities will have a longer timeframe than nonrural facilities. **Exhibit 11** summarizes the implementation phases with which facilities must comply. OHCQ reported that the requirement to have an RN on staff 24/7 has already been in place in Maryland since 2019. Additionally, OHCQ reported that it is the responsibility of the provider to implement the goals within each phase, and the responsibility of OHCQ to monitor providers for compliance during annual surveys. To address concerns regarding nursing home staff shortages, CMS announced a staffing support campaign in December 2024. The campaign includes efforts to increase staffing support for nursing homes and State oversight agencies by providing financial incentives for RNs such as tuition reimbursement to work in nursing home and State agencies and promoting training opportunities to become a Certified Nurse Aide such as paid, on-the-job training.

Exhibit 11
Timeframe for Meeting Implementation Goals

<u>Goal</u>	<u>Nonrural</u>	<u>Rural</u>
Phase 1: Meet the facility assessment requirements.	Within 90 days	Within 90 days
Phase 2: Meet the 3.48 hours per resident day total nurse and 24/7 RN staffing requirements.	Within 2 years	Within 3 years
Phase 3: Meet the 0.55 RN and 2.45 nurse aids hour per resident day staffing requirements.	Within 3 years	Within 5 years

RN: registered nurse

Source: Centers for Medicare and Medicaid Services

Operating Budget Recommended Actions

1. Concur with Governor's allowance.

Appendix 1
Object/Fund Difference

<u>Object/Fund</u>	<u>FY 24 Actual</u>	<u>FY 25 Working Appropriation</u>	<u>FY 26 Allowance</u>	<u>FY 25 - FY 26 Amount Change</u>	<u>Percent Change</u>
Positions					
01 Regular	256.00	275.00	275.00	0.00	0%
02 Contractual	6.78	0.00	0.00	0.00	0.0%
Total Positions	262.78	275.00	275.00	0.00	0%
Objects					
01 Salaries and Wages	\$ 30,823,302	\$ 33,056,763	\$ 35,262,654	\$ 2,205,891	6.7%
02 Technical and Special Fees	716,327	280,200	0	-280,200	-100.0%
03 Communication	293,185	276,027	240,947	-35,080	-12.7%
04 Travel	336,525	240,242	473,821	233,579	97.2%
06 Fuel and Utilities	0	1,873	0	-1,873	-100.0%
07 Motor Vehicles	175,415	243,504	229,358	-14,146	-5.8%
08 Contractual Services	261,353	4,026,693	4,024,843	-1,850	0%
09 Supplies and Materials	43,428	38,959	46,638	7,679	19.7%
10 Equipment – Replacement	18,661	17,500	39,322	21,822	124.7%
11 Equipment – Additional	27,534	30,000	36,397	6,397	21.3%
12 Grants, Subsidies, and Contributions	55,832	506,388	506,407	19	0%
13 Fixed Charges	1,006,916	1,008,332	1,028,129	19,797	2.0%
Total Objects	\$ 33,758,478	\$ 39,726,481	\$ 41,888,516	\$ 2,162,035	5.4%
Funds					
01 General Fund	\$ 23,525,347	\$ 29,639,493	\$ 30,279,684	\$ 640,191	2.2%
03 Special Fund	102,459	592,862	506,407	-86,455	-14.6%
05 Federal Fund	10,130,672	9,494,126	11,102,425	1,608,299	16.9%
Total Funds	\$ 33,758,478	\$ 39,726,481	\$ 41,888,516	\$ 2,162,035	5.4%

Note: The fiscal 2026 allowance does not include statewide salary adjustments budgeted within the Department of Budget and Management.