



MDH ATTENDEES: Meg Sullivan, MD, MPH, Deputy Secretary, Public Health

Available For Questions: TBD

Maryland Department of Health (MDH) Office of Health Care Quality
Fiscal Year 2027 Operating Budget
Response to Department of Legislative Services Analysis

House Appropriations Committee
Health and Social Services Subcommittee
Delegate Emily Shetty
February 19, 2026

Senate Budget and Taxation Committee
Health and Human Services Subcommittee
Senator Cory McCray
February 23, 2026

The Department thanks the Governor, the Department of Budget and Management (DBM), and the Budget Committees for their support. We thank the Department of Legislative Services for its insightful budget analysis.

MDH should explain why special fund availability from the State Civil Money Penalty Fees Fund increases in the fiscal 2027 allowance and discuss how the funding will be spent, including whether the fund has sufficient balance to support \$2.7 million for the nurse surveyor contract in the Long Term Care Unit and whether this purpose of spending is an allowable use of the fund (p. 2).

The special fund increase in FY 2027 from State Civil Money Penalty Fees is to address costs associated with Long Term Care contractual labor. The special fund balance for the State Civil Money Penalty Reinvestment Fund is \$2,586,336.65 as of 1/31/26. While this revenue source is variable, we believe there will be enough revenue attainment by the end of FY 2027 to support expenditures. If revenue attainment falls below budgeted levels for this contract then OHCQ will adjust the scope of work accordingly. The contract's activities are an allowable use of the State Civil Money Penalty Reinvestment Fund.

OHCQ should comment on the challenges in filling nurse surveyor positions and discuss its recruitment and retention efforts (p. 8).

OHCQ recognizes that recruiting and retaining qualified nurse surveyors remains one of the key operational challenges affecting survey timeliness, particularly in the long term care field. While surveyor positions have been exempted from the State hiring freeze and OHCQ is actively recruiting, the market for experienced, certified nurse surveyors remains highly competitive due to post pandemic workforce shortages and salary competition from hospitals, the private sector, and travel nursing. Survey completion has also been impacted by the 2025 federal shutdown.

Despite these challenges, OHCQ has made measurable progress in strengthening staffing capacity. Since July 1, 2023, OHCQ has hired 39 new long term care surveyors, and two additional surveyors are currently in training. OHCQ's overall vacancy rate has improved from 22.9% on 7/31/22 to a current vacancy rate of 7.3% as of 1/31/2026. The vacancy rate for nurse surveyor positions is 7.0% as of 1/31/2026.

OHCQ is addressing these challenges through focused recruitment and retention strategies, including accelerated hiring for exempt surveyor roles, structured onboarding and training pathways to build certification and competency, targeted outreach to qualified nurse candidates, and retention efforts that emphasize professional development, certification support, and workload management to sustain capacity and maintain survey performance.

OHCQ should provide an update on the status of and timeline for resolving the complaint investigation backlog and comment on the plan for use of subcontract nurse surveyors and funding sustainability for the contract in the future. Additionally, OHCQ should discuss full-time State employee and subcontractor nurse surveyor staffing needs to continue ensuring timely complaint investigations (p. 14).

OHCQ previously projected that the complaint investigation backlog could be resolved within two years with the support of subcontractor nurse surveyors. Since implementation in October 2024, OHCQ has used the subcontractor nurse surveyors to increase investigative capacity and improve timeliness for complaint closures while reducing aged cases. While significant progress has been made, the backlog has not yet been fully eliminated, and OHCQ continues to rely on the contract to maintain substantial compliance with complaint investigation requirements while completing the remaining backlog. OHCQ's current estimate is that the complaint backlog can be fully resolved by October 2026, or within approximately two years of the contract operations start, depending on complaint intake volume and the number of high priority investigations that require extended timeframes. The fiscal 2027 allowance remains necessary to avoid a loss of investigative capacity before the backlog is fully resolved and to sustain timely complaint investigations to prevent a new backlog from forming.

OHCQ should comment on details of the MOU with Montgomery County, including the responsibilities delegated to Montgomery County, the start date and length of delegated authority, and costs associated with conducting surveys and complaint investigations, including the amounts that are State funded and county funded (p. 15).

Montgomery County has formally requested delegation of authority under the BRFA provision. MDH and Montgomery County are currently negotiating the Memorandum of Understanding language that would govern the scope and terms of any delegated survey and complaint investigation activities.