

HB318: Maryland Medical Assistance Program - Provider Agencies and Personal Care Aides - Reimbursement and Wages

Hearing of the House Health and Government Operations Committee, February 14, 2023

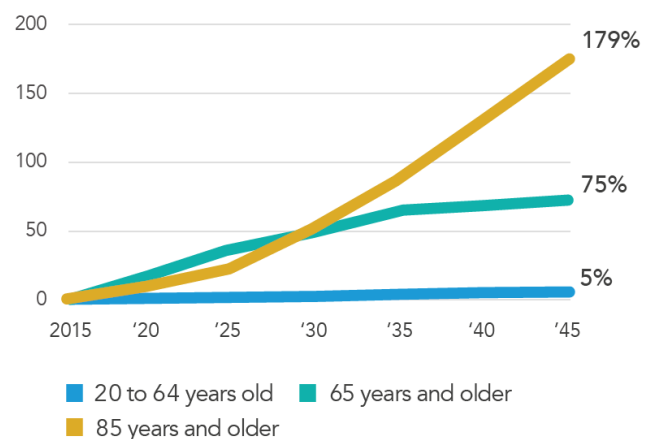
Position: Favorable

The Public Justice Center (PJC) is a not-for-profit civil rights and anti-poverty legal services organization which seeks to advance social justice, economic and racial equity, and fundamental human rights in Maryland. Our Workplace Justice Project works to expand and enforce the right of low-wage workers to receive an honest day's pay for an honest day's work. The PJC **supports HB 318**, which would increase funding for certain Medicaid-funded home care programs while also ensuring that home care workers get a fairer share of that money – improving job quality, recruitment, and retention.

Problem 1 : Maryland faces an increasingly dire shortage of personal care aides (a.k.a. home care workers), which hurts older adults and people with disabilities – and Maryland's Medicaid policies are the reason.

- **Demand for home care is increasing** as Maryland ages and more people with disabilities receive care in their homes rather than nursing homes. Maryland will need *40 percent more care workers* over the next ten years.¹ The chart to the right shows Maryland's projected population growth – and our need for more care workers.
- **There are not enough workers.** Residential Service Agencies (RSAs, or home care agencies) report high turnover. Workers are either leaving for jobs at Wal-Mart or Royal Farms because of low wages and lack of benefits, or working for higher pay in Washington, D.C., where a recent survey found that *70% of D.C.'s home care workers live in Maryland.*
- **Medicaid funds most home care**, and the Maryland Department of Health now pays RSAs \$23 per hour of care. But the median wage for home care workers is just \$14.08 – and *even less* for Medicaid-funded workers.
- **Maryland ranks in 49th out of 50 states – the second worst** – in the difference between home care workers' actual wages and what is needed to attract and retain enough workers while paying workers enough to live, according to June 2022 [study](#) by the Economic Policy Institute and New America.²

Figure 2: Projected Population Growth by Age in MD, 2015-2045



¹ PHI, *The Direct Services Workforce in Long-Term Services and Supports in Maryland and the District of Columbia*, 2018, available at <http://phinational.org/resource/the-direct-services-workforce-in-ltss-in-md-and-dc/>.

² Economic Policy Institute and New America, *All States must set higher wage benchmarks for home health care workers*, June 2022, available at <https://www.epi.org/publication/state-home-health-care-wages/>.

Solution 1: *Higher reimbursement rates and higher wages* representing a fairer share for workers.

- **HB 318 increases the Medicaid reimbursement rate** to \$25/hour starting July 1, 2024.
- **The bill also requires that workers be paid a fairer share** of that money.
 - Starting July 1, 2024, personal care aides whose work is funded through the Maryland Department of Health's Office of Long Term Services and Supports must be paid at least \$16 per hour.
 - Moving forward, the bill requires that workers get *a fairer share* – 64% – of the payments that RSAs receive. The policy benefits both businesses and workers.
- **Policies like this have been implemented across the country.** This bill is similar to a Maine law passed in 2021, which increased reimbursement rates while requiring that Medicaid-funded workers be paid at least 25% more than minimum wage – which now equates to a wage floor of \$17.25 per hour.

Problem 2: Maryland lacks adequate data and transparency about Maryland's home care workers.

- **Other states collect data** from home care providers in the form of cost reports. These cost reports provide useful information about how provider entities are spending public dollars. For example, New York collects detailed cost reports for Medicaid home care and publishes them online at https://www.health.ny.gov/facilities/long_term_care/reimbursement/hccr/.
- **Maryland does yet not collect the necessary data** or produce cost reports.

Solution 2: Require annual cost reports from publicly funded home care agencies.

- **HB 318 requires that RSAs send annual cost reports** to the Maryland Department of Health.
- **Cost reports will both help ensure compliance** with the bill and provide MDH with more detailed information about how public dollars are being spent.

Fair pay for personal care aides is a *race equity* issue and a *gender equity* issue.

- **Personal care aides in Maryland are mostly Black women:** about 90% are women and about 70% are Black.
- **Maryland's low Medicaid reimbursement rates** – and lack of any wage floor other than minimum wage – trap workers and their families in poverty. Higher rates and wages will help move Maryland closer to race and gender equity.

Of note, this bill does not apply to any programs operated under the Developmental Disabilities Administration.

For the foregoing reasons, the PJC **SUPPORTS HB 318** and urges a **FAVORABLE** report. Should you have any questions, please call David Rodwin at 410-625-9409 ext. 249.