



DEPARTMENT OF HEALTH

Wes Moore, Governor · Aruna Miller, Lt. Governor · Laura Herrera Scott, M.D., M.P.H., Secretary

February 8, 2024

The Honorable Pamela Beidle
Chair, Senate Finance Committee
3 East Miller Senate Office Building
Annapolis, MD 21401-1991

RE: Senate Bill 197 – Residential Service Agencies – Reimbursement – Personal Assistance Services – Letter of Support

Dear Chair Beidle and Committee Members:

The Maryland Department of Health (Department) respectfully submits this letter of support for Senate Bill (SB) 197 – *Residential Service Agencies – Reimbursement – Personal Assistance Services*. SB 197 requires MDH to reimburse a Residential Service Agency (RSA) for personal assistance services only when they are provided by an individual classified as an employee of the RSA. Currently, Maryland Medicaid has 920 Medicaid enrolled RSAs providing personal assistance services. In FY 2022, MDH reimbursed RSAs \$394,351,407 for personal assistance services provided to 14,230 Medicaid participants.

The Department relies heavily on this group of providers to serve participants receiving long term services and support in the community as an alternative to nursing home placement. RSAs are often minority-owned small businesses that provide services in impoverished areas. MDH is responsible for determining the reimbursement rates for the services rendered by an RSA. The Department has consistently implemented the rate increases for Medicaid long-term services and supports programs as required by legislation and the Governor’s budget from FY 2017 through FY 2024. Most recently, this includes a 12% increase in FY 2023 and another 8% increase in FY24.

The Department supports the implementation timeline included in SB 197 as it permits RSAs until October 1, 2025 to come into compliance with the requirements to shift to billing for only those services delivered by employees. The Department is in support of this phase-in approach as it will help mitigate the potential impact on Medicaid’s RSA provider network and Medical Assistance participants’ ability to access services.

There are currently 2,323 licensed RSAs in Maryland. Two years ago, SB 600 – *Health Facilities – Residential Service Agencies – Reporting Requirement (Ch. 674 of the Acts of 2022)* required OHCQ to estimate new reporting requirements for the RSAs regarding their use of employees and independent contractors. Out of the currently 2,323 licensed RSAs in Maryland, 1,348 (58%) have completed an RSA certification. Of the respondents, 579 receive Medicaid

funds and 61 hire PCAs only as independent contractors, 396 hire PCAs only as an employee, and 122 RSAs hire PCAs as either employees or independent contractors. These 579 RSAs that receive Medicaid funds employ 12,363 PCAs, including 10,330 employees and 2,033 independent contractors.

If you would like to discuss this further, please do not hesitate to contact Sarah Case-Herron at sarah.case-herron@maryland.gov or (410) 260-3190.

Sincerely,



Laura Herrera Scott, M.D., M.P.H.
Secretary