

SB 863 - Maryland Medicaid - Personal Care Aides - Reimbursement and Required Wage
Senate Finance Committee, March 8, 2022

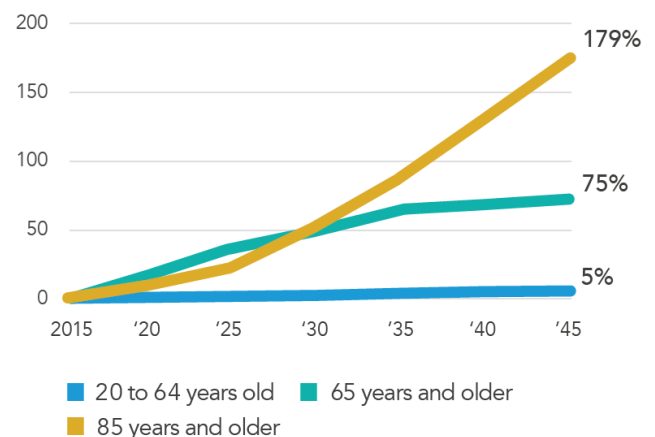
Position: SUPPORT

The Public Justice Center (PJC) is a not-for-profit civil rights and anti-poverty legal services organization that seeks to advance social justice, economic and racial equity, and fundamental human rights in Maryland. Our Workplace Justice Project aims to ensure that our state’s low-wage workers receive fair and full payment for their labor, as well as other basic protections on the job. **The PJC supports SB 863 and urges a favorable report because the bill will (1) help Maryland’s older adults and people with disabilities by addressing the dire shortage of personal care aides, (2) protect the interests of Maryland’s home care agencies, and (3) address the gender pay gap and racial inequity caused by current Maryland policy, under which personal care aides – 90% women and 70% Black – are paid poverty wages with state money.**

The problem: 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.

- The past year saw a series of investigations into the home care workforce shortage in Maryland and beyond.¹ Demand is increasing as Maryland becomes an older state and more people with disabilities receive care in their homes rather than nursing homes. A 2018 [study](#) found that Maryland will need *40 percent more care workers* over the next ten years.²
- But the supply of home care workers is not increasing. Residential Service Agencies (RSAs, the Health Code’s term for home care agencies) report sky-high turnover. Workers are leaving for jobs at places like Wal-Mart or Royal Farms because of low wages and lack of benefits.
- The biggest reason for this is state Medicaid policies. Medicaid funds about 60% of the state’s home care. The Maryland Department of Health currently provides RSAs just \$20.54 per hour of home care. There is no requirement

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



¹ Elizabeth Shwe, Maryland Matters, *Home Care for Older Adults Increased During Covid, but Direct Care Workers Remain Hard to Find*, Oct. 7, 2021, available at <https://www.marylandmatters.org/2021/10/07/home-care-for-older-adults-increased-during-covid-but-direct-care-workers-remain-hard-to-find/>.

² 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/>.

that workers be paid anything other than minimum wage. The median wage for all the state's home health and personal care aides is just \$13.51 – but it is likely *even less* for Medicaid-funded workers. There is also no requirement that Medicaid's reimbursement rate cover the business costs of providing these services.

- Marylanders are already having extreme difficulty finding and keeping home care workers. If action is not taken soon, the shortage – and its consequences for those who rely on home care – will only worsen.

SB863's solution: Higher Medicaid reimbursement rates and higher wages.

- SB863 has two main parts. First, it increases the Medicaid reimbursement rate by 15%, a little over \$3 per hour. Second, it provides that starting July 1, 2023, personal care aides whose work is funded by Medicaid must be paid at least \$16 per hour. The policy benefits both businesses and workers.
- “Wage pass-through” policies like this have been implemented in states across the country. SB863 is similar to a Maine law passed last year, which increased reimbursement rates while requiring that Medicaid-funded workers be paid at least 25% more than minimum wage – which equates to \$15.94 per hour.

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

- Historically, care work was often not considered “work” because it was performed by women, especially women of color. Personal care aides in Maryland are mostly Black women: about 90% are women and about 70% are Black.³
- On average, women in Maryland make just \$0.86 for every dollar paid to men, and Black women in Maryland make just \$0.69 for every dollar paid to white men.⁴
- We often talk abstractly about issues like the gender pay gap and racial equity. But the drivers are things just like this – a state policy that underfunds a workforce that is 90% women and 70% Black. Current reimbursement rates – and the lack of any wage minimum other than the state minimum wage – traps these workers in poverty, drives the gender pay gap, and hurts racial equity. Higher reimbursement rates, combined with a higher wage minimum, will help move Maryland close the gender pay gap and advance racial equity.

The fiscal note overstates the actual cost of the bill.

- First, home care is cheaper than nursing care, but the fiscal note does not address this fact. The more Medicaid recipients leave nursing homes and receive care at home instead, the less it will cost Maryland. SB863 will allow for more Marylanders to receive care at home.
- Second, the fiscal note does not address the fact that Congress is currently considering a bill that would send \$150 billion to states for Medicaid-funded home care. If this federal bill passes, the federal government will pay the vast majority of the cost of implementing SB863.

For these reasons, the Public Justice Center **SUPPORTS SB 863** and requests a **FAVORABLE** report.

³ See *id.* at 3, 10.

⁴ National Women's Law Center – Maryland Data, available at <https://nwlc.org/state/maryland/>.