



Maryland-National Capital Homecare Association

Senate Bill 863: *Maryland Medical Assistance Program – Personal Care Aides – Reimbursement and Required Wage*

Senate Finance Committee

March 8, 2022

Position: Support With Amendment

On behalf of the Maryland-National Capital Homecare Association (MNCHA), whose members include Medicare-certified home health agencies, private duty companies and durable medical equipment suppliers across the State, we **support with amendments** Senate Bill 863. Senate Bill 863 requires the Maryland Medical Assistance Program (Medicaid) to increase the reimbursement rate for Program long-term services and supports by 15% and then requires a residential service agency to increase the minimum wage to \$16/hour for personal care aides. Senate Bill 863 also requires residential service agencies to provide notice of the wage increase to personal care aides and to file an annual cost report with the Maryland Department of Health.

MNCHA supports the intent of Senate Bill 863. However, the 15% increase mandated in the bill fails to account for certain costs, such as costs associated with payroll tax, unemployment insurance and worker's compensation and is therefore inadequate to cover the wage increase to \$16/hour. We estimate that the current average hourly wage rate in Maryland is \$13.25. **Therefore, based on these costs, Medicaid would need to increase the percentage to 20.8% rather than 15%.**

However, it is important to note that, while this may increase the wages only for personal care aides, it still does not address the continued shortfall in Medicaid funding. As you will recall, in 2018 the Hilltop Institute released a report calculating the cost differential between Medicaid rates and the cost to provide services. The recommended Hilltop rate paid to Medicaid home care providers to cover the cost of services should have been \$24.80 in 2018. Adjusted for inflation, this number should be \$27.93. Four years later, the current rate of only \$20.54 still falls short of both the inflated rate and the 2018 estimates. Finally, the current reimbursement amount still fails to account for mandated nurse supervision visits, which remains unreimbursed.

Therefore, if the Committee advances this legislation, at a minimum, the percentage must be increased by at least 20.8%. In addition, language must be added that this increase supplement and not supplant current reimbursement rates. It is essential that this increase is in addition to the current mandated 4% increase to offset already scheduled minimum wage increases. MNCHA does not want the 4% to be folded into any additional rate increase.

Regarding the notice and cost provisions, MNCHA would request that Subsection (C) be amended as set forth below and that Subsections (D) and (E) be removed in their entirety.

Subsection (C) - Page 2, lines 15-17:

(3) THE DEPARTMENT SHALL DEVELOP A PROCESSES: ~~FOR A PERSONAL CARE AIDE TO~~

(I) FOR A PERSONAL CARE AIDE TO REPORT A PROVIDER AGENCY'S FAILURE TO COMPLY WITH THE WAGE RATE REQUIRED UNDER PARAGRAPH (1) OF THIS SUBSECTION;

(II) TO DETERMINE COMPLIANCE BY A PROVIDER AGENCY AND ENFORCEMENT BY THE DEPARTMENT FOR NON-COMPLIANCE.

For More Information:

Caitlin Houck
Executive Director
Maryland-National Capital Homecare Association
Cell: 240-383-0420

Danna Kauffman
Schwartz, Metz and Wise, P.A.
dkauffman@smwpa.com
Cell: 410-294-7759