



MARCH 24, 2022

# Maryland Should Invest in Good Jobs; Clear Standards, Transparency Will Help

## Position Statement in Support of Senate Bill 600 As Amended

*Given before the House Health and Government Operations Committee*

Maryland's budget is a moral document that has the power to move us toward broadly shared prosperity if invested wisely, and just as much power to move us in the wrong direction if not. Investing Marylanders' shared resources in decent jobs that pay a family-supporting wage is vital to support a healthy, equitable economy. Senate Bill 600 would advance these goals while strengthening our long-term care workforce. **For these reasons, the Maryland Center on Economic Policy supports Senate Bill 600 as amended.**

Long-term care workers provide essential services to aging Marylanders and Marylanders with disabilities, but the state struggles to meet the need for these workers. Demographic change is expected to worsen this shortfall in coming years and decades. Paltry wages and dangerous working conditions are an important contributor to this worker shortage, and disproportionately harm women of color, who constitute the bulk of this workforce.<sup>i</sup>

Long-term care provided in the community rather than in residential facilities enables seniors and people with disabilities to access needed supports while maintaining significant independence and can lead to lower Medicaid costs. However, the private agencies the state relies on to provide these services do not consistently follow labor law. For example, they may misclassify care workers as independent contractors rather than employees.<sup>ii</sup> This misclassification excludes workers from basic wage and hour protections and shifts tax responsibilities from the employer to the worker.

Strengthening protections to ensure workers are properly classified and paid appropriate wages would directly benefit workers and would also reduce barriers to maintaining a sufficient home care workforce to provide essential supports to aging Marylanders and Marylanders with disabilities.

Senate Bill 600 would build on the progress legislators made by passing House Bill 652 of 2021, which requires the state to provide a concise, plain-English explanation of relevant labor laws to home care agencies. Senate Bill 600 would make this communication reciprocal by requiring agencies to annually report to the state the wage and classification of each personal care aide who provides care through the agency.

These reporting requirements are in line with reporting requirements across a wide range of state services. Maryland lawmakers have taken a number of smart steps to ensure that state investments are made transparently, such as by requiring employers subject to prevailing wage laws to report wages and by requiring online publication of state procurement contracts. Senate Bill 600 creates a simple reporting process to ensure the Maryland Department of Health understands the status of the direct care workforce and the quality of direct care jobs.

The requirements are designed to be easy for agencies to satisfy:

- Agencies already possess all required information
- The process does not make any information publicly available or available to competitors
- The information is generally submitted only annually
- Senate amendments have narrowed the requirements to include only wage and classification information, eliminating broader reporting requirements included in the bill as introduced.

The information reported under Senate Bill 600 as amended is necessary for the state to accurately assess the sufficiency of Medicaid reimbursement rates and the state of the direct care workforce. This assessment will strengthen the state’s ability to maintain a sufficient care workforce as Maryland’s population continues to age.

**For these reasons, the Maryland Center on Economic Policy respectfully requests that the Health and Government Operations Committee make a favorable report on Senate Bill 600 as amended.**

### Equity Impact Analysis: Senate Bill 600 As Amended

#### *Bill summary*

Senate Bill 600 as amended would require Medicaid-funded home care agencies to annually report to the state the wage and classification of each personal care aide who provides care through the agency. The bill would also require the Maryland Department of Health to use this information to annually create an internal report on Medicaid reimbursement rates and the cost of delivering services.

#### *Background*

Researchers have documented a trend of private home care agencies classifying home care workers as independent contractors in spite of working conditions consistent with employment, such as significant managerial control.<sup>iii</sup> This misclassification violates federal and state labor law, strips workers of wage and hour protections, and shifts tax responsibilities from employers to workers.

#### *Equity Implications*

Senate Bill 600 would strengthen protections for home care workers who face dangerous working conditions, often take home low wages, and are disproportionately women of color.<sup>iv</sup> It would also benefit Marylanders with disabilities by increasing the long-term supply of workers available to provide necessary supports.

- 88 percent of home care workers in Maryland are women.
- 61 percent of home care workers in Maryland are Black, and 72 percent are workers of color.
- 40 percent of home care workers in Maryland were born outside the United States.
- Home health and personal care aides in Maryland typically took home only \$13.51 per hour in 2020.<sup>v</sup>

#### *Impact*

Senate Bill 600 would likely **improve racial, gender, disability, and economic equity** in Maryland.

<sup>i</sup> “The Direct Services Workforce in Long-Term Services and Supports in Maryland and the District of Columbia,” PHI, 2018, <https://phinational.org/wp-content/uploads/2018/09/DSWorkers-Maryland-2018-PHI.pdf>

<sup>ii</sup> Caitlin Connolly, “Independent Contractor Classification in Home Care,” National Employment Law Project, 2015, <https://www.nelp.org/publication/independent-contractor-classification-in-home-care/>

<sup>iii</sup> Connolly, 2015

<sup>iv</sup> “The Direct Services Workforce,” 2018

