

March 22, 2022

Dear Chair Pendergrass and Members of the Health and Government Operations Committee,

Thank you for the opportunity to comment in support of Maryland Senate Bill 600 (the cross-file of HB 544), which would require residential service agencies receiving Medicaid reimbursement for home care services to report on the wages, employment classification, and benefits of personal care aides annually to the Maryland Department of Health.

The Center on Education and Labor at New America (CELNA) is a research and policy development program focused on the policy domains of education, labor, and workforce development. CELNA is dedicated to restoring the link between education and economic mobility by advancing policies that strengthen the key social institutions necessary to connect them. Since 2018, the Center has been researching and recommending policy strategies to support the economic advancement of health care professionals, particularly through apprenticeships. CELNA, in collaboration with other programs at New America, has also conducted research on effective strategies for securing improved benefits, as well as training and career advancement opportunities for home care workers.

Maryland Senate Bill 600 passed with sponsor amendments that were also introduced in the House Health and Government Operations Committee with House Bill 544. These amendments address the majority of concerns raised by industry by minimizing reporting burdens and protecting sensitive business information. At the same time, Maryland Senate Bill 600 would lead to better data on service delivery costs and the wages and employment classifications of personal care aides—information that will inform care workforce policy reforms and position the state to take advantage of federal resources for home and community based services (HCBS).

Given Maryland's rapidly aging population, home health and personal care aides are among the fastest-growing occupations, with the number of jobs projected to grow by 41.5 percent by 2028.<sup>1</sup> Despite the critical role of and high demand for home care workers, their pay is low. According to the Maryland Department of Labor, the estimated median hourly wage for home health and personal care aides is \$13.51.<sup>2</sup> For context, the living wage for an adult with no dependents in Maryland is \$17.25 an hour.<sup>3</sup> Insufficient data on the earnings of personal care

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<sup>1</sup> <https://www.dllr.state.md.us/lmi/iandoproj/maryland.shtml>

<sup>2</sup> <https://www.dllr.state.md.us/lmi/wages/page0023.htm>

<sup>3</sup> <https://livingwage.mit.edu/states/24>



aides will make it challenging to ensure a strong, stable care workforce in Maryland.

Medicaid is the primary source of long-term home care funding for the elderly and individuals with disabilities. Yet Maryland does not currently have a mechanism for determining how many Medicaid dollars go directly toward paying home care worker wages. This lack of information presents a barrier to directly improving the compensation of this essential workforce. In response to the American Rescue Plan (ARP) Act, which authorized a one-year, 10 percent increase in the federal share of Medicaid payments (federal medical assistance percentage or FMAP) for home and community based services (HCBS), Maryland elected to increase provider rates.<sup>4</sup> Inadequate Medicaid reimbursement rates for HCBS make it harder for providers to offer home care workers competitive wages, however, requirements around the percentage of Medicaid reimbursement rates for wages are critical for ensuring that workers benefit from public investments in care. The Build Back Better (BBB) Act, which passed the U.S. House of Representatives and is under consideration by the Senate, would permanently increase the FMAP for states that ensure "sufficient" payment rates for home and community services and improve the compensation and benefits of direct care workers. Senate Bill 600 would ensure the Maryland Department of Health has adequate data on the compensation of home care workers to take advantage of this increase in federal funding for HCBS.

Additionally, if passed, Maryland Senate Bill 600 would shed light on the share of home care workers who are employees and independent contractors. Some home care agencies and private home care registries incorrectly classify workers as independent contractors, however, personal care and home care services are rarely performed by individual independent businesses. Classifying workers as independent contractors is a strategy that may be used to reduce costs by shifting risks and responsibilities to workers and/or consumers. The U.S. Department of Labor has recently increased its monitoring of worker misclassifications and enforcement of federal labor laws to ensure that care providers are not deprived of legally earned wages and other protections.<sup>5</sup> This bill would make it easier for the state to proactively identify vulnerable care workers.

Thank you once again for the opportunity to submit comments in favor of Maryland Senate Bill 600.

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<https://health.maryland.gov/newsroom/Pages/Maryland-Department-of-Health-announces-new-Medicaid-rate-increases.aspx>

<sup>5</sup> <https://www.dol.gov/newsroom/releases/whd/whd20211123>

