



**TESTIMONY BEFORE THE  
BUDGET AND TAXATION COMMITTEE**

March 1, 2023

Senate Bill 468: Funding for Wage Increases for Medical Provider Workers

**POSITION: FAVORABLE WITH AMENDMENTS**

I am Joe DeMattos, President and CEO of the Health Facilities Association of Maryland (HFAM). On behalf of our members, and after much work with leaders at 1199SEIU, I appreciate the opportunity to outline our support with amendments on Senate Bill 468.

The Health Facilities Association of Maryland is the oldest association of its kind in Maryland and is affiliated with the American Health Care Association/National Center for Assisted Living (AHCA/NCAL), which is the largest national post-acute and senior living association. HFAM skilled nursing members provide nearly 4 million days of care across all payer sources annually, including more than 2.3 million days of Medicaid care.

Let's begin by explicitly making three points:

1. Nursing homes in Maryland want to pay staff as much as possible supported by the Medicaid rate.
2. The predominant payor for Marylanders in skilled nursing and rehabilitation centers is Medicare for short-stay rehabilitative care and Medicaid for long-term care. Providers are reliant on these non-negotiable Medicare and Medicaid rates set by the government for the majority of their revenue. Unlike other businesses, they cannot simply adjust their prices to accommodate rising expenses, inflation, and wage increases. We will not support this legislation if it is not accompanied by new funding.
3. Neither the annual 4% Medicaid rate nor any possible rate increase associated with the Fair Wage Act of 2023 can apply toward a wage-pass-through measure such as SB 468. **Again, this legislation must pass with new funding for HFAM to be supportive.**

Senate Bill 468, Funding for Wage Increases for Medical Provider Workers intends to increase wages and benefits for certain workers in skilled nursing and rehabilitation centers. This legislation calls for an additional 10% increase in the Medicaid rate for this purpose. The bill is well intended, but operationally not feasible in its current form. SB 468 is limited in setting Medicaid spending targets; by federal law, states cannot mandate Medicare spending.

**Three aspects of the legislation, as written, are problematic:**

- It requires significant wage increases at a time when wages in nursing homes are, on average, historically high and continue to be driven by inflation.
- It would fund an infusion of \$140M to \$180M into wages in the near term and then create an unfunded mandate in the following years.
- The reporting language and penalties in the bill as drafted are problematic and punitive.

**NOTE:** Unlike the \$70 to \$90M in new state Medicaid funding required by the originally introduced version of SB 468, we estimate that with the agreed-upon amendments of HFAM and 199SEIU that this legislation will require \$56 million annually in new state Medicaid funding.

Again, nursing homes in Maryland want to pay staff as much as possible supported by the Medicaid rate. Our sector's success depends on adequate staffing, which in turn depends on adequate wages and benefits. Paying competitive wages and benefits is a key part of recruiting and retaining sufficiently trained and effective staff who provide quality care and improve the lives of the most vulnerable Marylanders.

We currently find ourselves in the most inflationary period in 40 years, and that includes wage inflation. While there are outliers who have not increased wages, most skilled nursing and rehabilitation centers have increased wages to historic levels in recent years.

**Examples of wages in our setting, based on Medicare and Medicaid cost reports and federal Medicare payroll-based journal data, include:**

- In January 2019, the average hourly wage of any professional with nursing licensure (GNA, LPN, RN) was \$23.55.
- In the second quarter of 2022, the average hourly wage of any professional with nursing licensure (GNA, LPN, RN) was \$29.51.
- On average, the blended hourly average nursing wage (GNA, LPN, RN) has increased by 25 percent from the first quarter of 2019 to the first quarter of 2022.

**In a targeted survey of HFAM members, we found:**

- The average geriatric nursing assistant (GNA) starting wage is \$17.02 per hour.
- The average geriatric nursing assistant (GNA) wage among all GNAs is \$19.83 per hour.
- The highest wage among geriatric nursing assistants (GNAs) averages \$22.21 per hour, with some centers paying as high as \$25 per hour.

By way of background, nursing homes provide services and employ individuals in nearly every jurisdiction of the state. There are approximately 22,000 Marylanders receiving quality care in nursing homes and about 30,000 professionals providing that care.

Nursing homes provide a critical safety net for Marylanders in need. People who receive care in skilled nursing and rehabilitation centers often have multiple medical conditions such as congestive heart failure, diabetes, and hypertension. Again, this quality care is dependent on the dedicated long-term care workforce.

Adequate Medicaid funding is now more important than ever to maintain care capacity, support wage increases, and cover increased operational expenses.

Given all these factors, we would ideally put a pause on this initiative this Session and take the interim to come to an agreed-upon consensus. However, we are making a good-faith effort to secure passage of this legislation this year. We've had an ongoing general dialogue with leaders at 1199SEIU for over a year now, and more detailed discussions leading into and during Session. It is critical to reiterate that a wage pass-through must be supported by new Medicaid dollars; if there is no new funding, then HFAM would be forced to oppose this legislation.

**Below is a narrative description of the amendments that have been agreed upon by SEIU 1199:**

The 10% Medicaid increase and the requirement that 90% of that increase go to wage increases will be stricken. Instead, this will be the measurement for wages and benefits, the targets, and the funding will be the following:

- An additional 8% Medicaid rate increase in FY24 and a 70% towards direct and indirect care worker wages and benefits.
- An additional 8% Medicaid rate increase in FY25 and a 70% target towards direct and indirect care worker wages and benefits.
- An additional 8% Medicaid rate increase in FY26 and a 70% target towards direct and indirect care worker wages and benefits.

The salary and benefits of nursing home administrators will not be included in the spending targets. The wage and benefits target will include but not be limited to physicians, physicians' assistants, nurse practitioners, nurse specialists such as those engaged in diabetic, renal, and wound care, or other chronic medical conditions; registered nurses, licensed practical nurses, certified nurse aides, geriatric nurse aides, resident care aides; dietary workers, housekeeping/laundry, in-house clerical staff regularly interacting with residents and caregivers; maintenance, clergy, security staff; staff development coordinator, quality assurance professional, unit clerks, MMQ evaluation nurse/MDS coordinator; social service worker, behavioral health staff, interpreter service, restorative therapy, and recreational therapy. As is currently the case, Medicaid rates can be used to pay for temporary agency (nursing) staff, and temporary agency wages and benefits will be included in wage and benefit targets.

The measures and targets of the legislation will be verified annually by the Maryland Department of Health (MDH) via Medicaid cost reports and existing reporting requirements and will be reviewed by MDH with these new additional criteria.

The punitive language for the loss of nursing home censes shall be stricken from the legislation. And we are confident working in partnership with our MDH colleagues that the Department will ensure compliance in a way that is not onerous to nursing homes.

Lastly, this legislation shall sunset after three years.

Again, we want to pay workers as much as possible as supported by the Medicaid rates— our workforce is critical to providing quality care to Marylanders most in need. Given that providers are reliant on non-negotiable Medicare and Medicaid rates for the majority of their revenue, any wage-pass-through measures must be funded with new Medicaid dollars.

We appreciate the opportunity to provide this testimony with the amendments supported both by HFAM and 1199SEIU, we request a favorable report from the Committee on SB 468.

*Submitted by:*  
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