



## DEPARTMENT OF HEALTH

Wes Moore, Governor · Aruna Miller, Lt. Governor · Laura Herrera Scott, M.D., M.P.H., Secretary

March 7, 2023

The Honorable Melony G. Griffith  
Chair, Senate Finance Committee  
Senate Office Building, 3 East  
Annapolis, MD 21401

**RE: SB 604 – Maryland Medical Assistance Program - Provider Agencies and Personal Care Aides - Reimbursement and Wages – Letter of Opposition**

Dear Chair Griffith and Committee Members:

The Maryland Department of Health (MDH) respectfully submits this letter of opposition for Senate Bill (SB) 604 – Maryland Medical Assistance Program – Provider Agencies and Personal Care Aides – Reimbursement and Wages. SB 604 requires the following: (1) MDH to increase the hourly reimbursement rate for personal assistance services provided under the Maryland Medical Assistance Program to a minimum of \$25 per hour; (2) residential service agencies (RSAs) to pay the greater of \$16 per hour or 64% of the reimbursement rate to personal care aides and to provide a written notice regarding the wage to personal care aides; and (3) RSAs to submit on or before September 1, 2024, annual cost reports to MDH.

Currently, Maryland Medicaid has 758 Medicaid enrolled RSAs providing personal assistance services. In FY 2021, MDH reimbursed RSAs \$402,087,076 for personal assistance services provided to 14,562 Medicaid participants. MDH is responsible for determining the reimbursement rates for the personal assistance services rendered by RSAs. Rates are set at either a 15-minute increment or daily rate. MDH has consistently implemented the rate increases for Medicaid long term services and supports programs as required by HB 166/SB 280 Labor and Employment – Payment of Wages – Minimum Wage (Fight for Fifteen) (Chapters 10 and 11 of the Acts of 2019). The Governor’s budget proposes to expedite the HB 166/SB 280 rate increases for FY25 and FY26. If approved, Medical Assistance reimbursement rates for personal assistance service providers will increase by 12% effective July 1, 2023.

MDH is concerned that meeting SB 604’s requirements will pose challenges to the RSAs. These providers face high staffing overturns, which are likely to be exacerbated by the bill’s wage and reporting mandates. Medicaid’s RSA provider network and participants’ ability to access services would be negatively impacted as a result. MDH further notes that it has submitted a report to the General Assembly regarding SB 636 (Chapter 464 of the Acts of 2022), detailing MDH’s plans and the funding required to reduce the waitlists for the majority of its waivers by

50% by FY 2028.<sup>1</sup> With waiver enrollment expected to grow substantially if these plans are funded, ensuring the RSA provider network remains stable is of critical importance.

SB 604 requires MDH to increase the hourly reimbursement rate to a minimum of \$25 per hour on or before July 1, 2024. MDH estimates a fiscal impact of approximately \$27.38 million (\$13.69 million General Funds, \$13.69 million Federal Funds) in Fiscal Year 2025. This cost will increase each subsequent year. MDH notes that while it sets RSA rates, it does not currently act as employer or co-employer of individuals who work for the RSAs. SB 604 would require MDH to act in the capacity of an employer/ co-employer to oversee the establishment of wages and any respective reporting requirements. MDH will need additional staffing to oversee wages of the RSAs as well as provide program integrity and compliance services. This would cost MDH from FY 2025 through FY 2029, approximately \$4.65 million (\$2.325 million General Funds, \$2.325 million Federal Funds).

MDH is also concerned about SB 604's requirement for RSAs to submit annual cost reports to MDH. RSAs may not be prepared to implement this requirement. Additionally, MDH notes that in situations of non-compliance where lesser sanctions are ineffective and may warrant revocation of RSA licensure, the Office of Health Care Quality (OHCQ), which oversees RSA licensure, would be responsible for enforcement. This may impact the provider network and access to personal assistance services.

If you would like to discuss this further, please do not hesitate to contact Megan Peters, Acting Director of Governmental Affairs at [megan.peters@maryland.gov](mailto:megan.peters@maryland.gov) or (410) 260-3190.

Sincerely,



Laura Herrera Scott, M.D., M.P.H.  
Secretary

---

<sup>1</sup> Report required by SB 636 - MDH - Waiver Programs - Waitlist and Registry Reduction (End the Wait Act) [https://dlslibrary.state.md.us/publications/Exec/MDH/HG15-150\(b\)\\_2022.pdf](https://dlslibrary.state.md.us/publications/Exec/MDH/HG15-150(b)_2022.pdf)