



TO: The Honorable Melony Griffith, Chair
 Members, Senate Finance Committee
 The Honorable Moore-Miller Administration

FROM: Danna L. Kauffman
 Pamela Metz Kasemeyer
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DATE: March 2, 2023

RE: **SUPPORT WITH AMENDMENT** – Senate Bill 555 – *Fair Wage Act of 2023*

On behalf of the LifeSpan Network, the Maryland Association of Adult Day Services, the Maryland-National Capital Homecare Association, and the Hospice and Palliative Care Network of Maryland, we respectfully **support with amendment** Senate Bill 555. Senate Bill 555 accelerates the minimum wage to \$15/hour beginning October 1, 2023. In doing so, the proposed Fiscal Year 2024 budget accelerates the required rate increases for specified Medicaid providers.

By increasing the minimum wage to \$15/hour with reimbursement rate acceleration, it will assist health care organizations in addressing the healthcare workforce shortage and enable them to be more competitive in hiring. However, while we support the acceleration of the minimum wage, we oppose the inclusion of the CPI indexing. It is important to note that, on a practical basis, each time the minimum wage is increased, it creates a “domino effect,” putting additional pressure on businesses to increase all staff salaries. For those that care for Medicaid and Medicare recipients or for those caring for Maryland’s seniors and the disabled on fixed incomes, this becomes unsustainable, given that additional expenses cannot be shifted to the consumer as in other businesses.

If the indexing is not removed, at the very least, the Medicaid reimbursement rates must be indexed comparable to the minimum wage increases, similar to the steps taken by the Maryland General Assembly when it passed the bill to begin increasing the minimum wage. Again, without the indexing of the Medicaid reimbursement rates, it becomes an unfunded mandate on providers caring for the most vulnerable residents of the State without the ability to shift costs.

If the General Assembly maintains the indexing, then we would request the following amendments.

Amendment No. 1: (Medicaid Providers)

On page 8, in line 26, after “(5)” insert “THE GOVERNOR’S PROPOSED BUDGET FOR FISCAL YEAR 2026 AND THEREAFTER SHALL INCLUDE A RATE INCREASE NO LESS THAN THE PERCENTAGE INCREASE IN THE STATE MINIMUM WAGE TO TAKE EFFECT IN THE SAME FISCAL YEAR, AS DETERMINED UNDER § 3-413.1 OF THE LABOR AND EMPLOYMENT ARTICLE.”

Rationale: Amendment #1 requires that the Governor’s proposed budget include a comparable rate increase for organizations providing care under the Medicaid program for nursing home services, medical adult day care services, private duty nursing services, personal care services, home-and-community based services, services under the Community First Choice Program. The purpose is to offset any increases in minimum wage for the provider types reliant on the State for revenue and that provide care to those enrolled in the Medicaid program. This amendment aligns with the previous steps taken to increase rates comparably for each increase in the minimum wage to \$15/hour.

AMENDMENT NO. 2

On page 10, line 25, strike “MARCH 1, 2025, AND EACH MARCH 1 THEREAFTER” and replace with “OCTOBER 1, 2024, AND EACH OCTOBER 1 THEREAFTER”.

Rationale: This amendment ensures adequate time to determine the minimum wage to be able to include funding in the proposed budget.