

## SB604: Maryland Medical Assistance Program - Provider Agencies and Personal Care Aides - Reimbursement and Wages

Hearing of the Senate Finance Committee, March 7, 2023

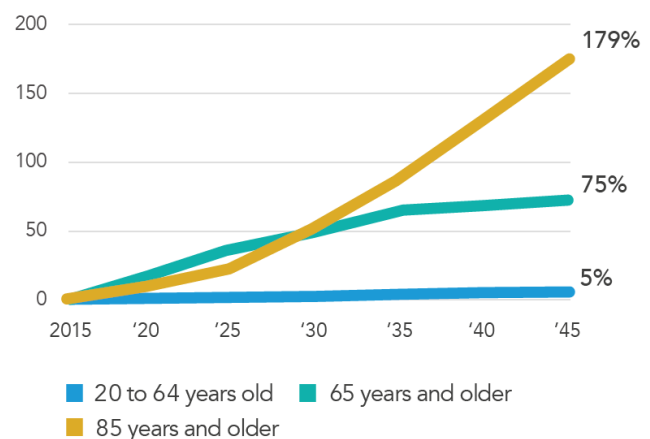
### Position: Favorable

The Public Justice Center (PJC) is a not-for-profit civil rights and anti-poverty legal services organization which seeks to advance social justice, economic and racial equity, and fundamental human rights in Maryland. Our Workplace Justice Project works to expand and enforce workers' right to an honest day's pay for an honest day's work. The PJC **supports SB 604**, which would increase funding for certain Medicaid-funded home care programs while also ensuring that home care workers get a fair share of that money – improving job quality, recruitment, and retention.

**Problem: Maryland faces an increasingly dire shortage of personal care aides (home care workers), which hurts older adults and people with disabilities – and Maryland's Medicaid policies are the reason.**

- **Demand for home care is increasing** as Maryland ages and more people with disabilities receive care in their homes rather than nursing homes. Maryland will need *40 percent more care workers* over the next ten years.<sup>1</sup> The chart to the right shows Maryland's projected population growth.
- **There are not enough home care workers.** Residential Service Agencies (RSAs, or home care agencies) report high turnover. Workers are either leaving for jobs at Wal-Mart or Royal Farms because of low wages and lack of benefits, or working for higher pay in Washington, D.C., where a recent survey found that *70% of home care workers live in Maryland*.
- **Medicaid funds most home care**, and the Maryland Department of Health now pays RSAs \$23 per hour of care. But the median wage for home care workers is just \$14.08 – and *even less* for Medicaid-funded workers.
- **Maryland ranks in 49th out of 50 states – the second worst** – in the difference between home care workers' actual wages and what is needed to attract and retain enough workers while paying workers enough to live, according to June 2022 [study](#) by the Economic Policy Institute and New America.<sup>2</sup>

**Figure 2: Projected Population Growth by Age in MD, 2015-2045**



<sup>1</sup> PHI, *The Direct Services Workforce in Long-Term Services and Supports in Maryland and the District of Columbia*, 2018, available at <http://phinational.org/resource/the-direct-services-workforce-in-ltss-in-md-and-dc/>.

<sup>2</sup> Economic Policy Institute and New America, *All States must set higher wage benchmarks for home health care workers*, June 2022, available at <https://www.epi.org/publication/state-home-health-care-wages/>.

**Solution: A Higher Medicaid reimbursement rate and a fair share for workers.**

- **SB 604 increases the Medicaid reimbursement rate** from the current \$23/hour to \$25/hour starting July 1, 2024.
- **SB 604 also requires that workers be paid a fair share** of the public dollars going to RSAs.
  - Starting July 1, 2024, personal care aides whose work is funded through the Maryland Department of Health's Office of Long Term Services and Supports<sup>3</sup> must be paid at least \$16 per hour. Thus, workers would get at least 64% of the \$25 going to RSAs, as \$16 is 64% of \$25.
  - Moving forward, the bill requires that workers continue to get a fair share – 64% – of the payments that RSAs receive. So, as reimbursement rates increase, workers' wages will increase, too.
  - This policy ensures a baseline minimum level of job quality in publicly funded home care. It will benefit businesses, workers, and consumers alike.
- **Policies like this have been implemented across the country.** This bill is similar to a Maine law passed in 2021, which increased reimbursement rates while requiring that Medicaid-funded workers be paid at least 25% more than minimum wage – which now equates to a wage floor of \$17.25 per hour.

**Fair pay for personal care aides is a matter of both race equity and gender equity.**

- **Personal care aides in Maryland are mostly Black women:** about 90% are women and about 70% are Black. Despite its importance, care work has been devalued and disrespected for far too long.
- **Maryland's Medicaid policies trap workers and their families in poverty.** Publicly funded jobs should be decent jobs that allow workers to support themselves and their families – as is the case with publicly funded construction projects. But the Medicaid reimbursement rate is too low and there is no wage floor other than minimum wage.
- **A higher Medicaid rate and higher wages will help make these publicly funded jobs better jobs** and will help move Maryland closer to race and gender equity.

**The fiscal note greatly overstates the cost of the bill.**

- **The annual cost will soon drop to \$0,** because the Medicaid reimbursement rate for personal care will almost certainly increase beyond \$25/hour regardless of this bill.
- **The fiscal note does not consider the lower cost of home care compared to nursing care.** If Maryland fails to make home care jobs more attractive, more Marylanders will be forced to remain in nursing homes – which are far more expensive than in-home care – due to the shortage of home care workers.

For the foregoing reasons, the PJC **SUPPORTS SB 604** and urges a **FAVORABLE** report. Should you have any questions, please contact David Rodwin at [rodwind@publicjustice.org](mailto:rodwind@publicjustice.org) or 410-625-9409 ext. 249.

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<sup>3</sup> This bill does not apply to any programs operated under the Developmental Disabilities Administration.

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