

2/21/2023

To whom it may concern,

Dear Sir/Madam,

I wanted to take a few moments and express our opposition to HB489

We have been in business providing care for the elderly Medicaid recipients 2002 and have seen many trends in employment laws over the years. Currently, we are seeing a push from 1099 to W-2 employment model. We strongly believe this is a mistake that could lead to much lower caregiver shortages for our already underserved community.

There are more than 1200 RSA agencies in Maryland more than 50 % of Maryland's RSA still use 1099 contractors as caregivers. That's potentially 600 smaller agencies that would be negatively affected by these sudden changes.

The ability to use 1099 is embedded in the Medicaid programs such as Community First Choice (CFC), Community Options (CO) and Community Personal Assistance (CPAS) programs.

As per Sen. Beidel's testimony from Feb 9th even MDH uses 1099 Contractors and asks not to enable this bill.

This transition would be overwhelming, burdensome, and will negatively affect senior home care for years to come. Home care industry is already struggling with caregiver retention and low reimbursement. Taking away ability to use 1099 would greatly affect so many companies.

Caregivers work for more than one agency at the same time, making this type of worker a good case for 1099 contractor.

Caregivers prefer to work as 1099 and come to our agency specifically because of 1099. They prefer to have control over schedule, the number of hours they work, client selection, location as well as financial reasons. This is usually a second part time job as most of our caregiver work full time W2 jobs elsewhere.

We are legal just audited and have been affirmed in 2022 by FDOL and MDOL.

We pay works compensation on all caregivers.

Injury rates are not high in caregiving, we are not roofers. We have works comp. for all workers.

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Our caregivers are paid overtime, there is no need to force W2 model to enable overtime for caregivers.

We issue 1099 forms to all caregivers that they pay taxes on the income.

Caregivers are protected under the agency's insurance, licensing, and bonding.

When you switch caregiver form 1099 to W2 they get paid less, rather than more.

Contrary to what you may have heard last week, there is not large support for the bill. Most agencies are not even aware of this bill.

One large Conglomerate that's part of MNCHA wants this so they can absorb the fallout from this damaging bill.

We specifically are a niche agency; our caregivers are mostly family members of clients. They work full time W2 jobs and work part-time taking care of their sick family members. They want 1099. Many agencies are niche with large populations of Chinese, Spanish and Russian speaking demographics that make up clients and caregivers.

It does not make sense to switch to an employee model yet when Reimbursement rates are so low for Medicaid \$23 per hour, private costs are 50% higher n access of \$32.00 per hour. Companies will be upside down due to low Medicaid rates, causing clients to be without caregivers and caregivers without jobs.

Capitalism in rooted in competition, if an agency decided to convert so they feel safer or can be more easily marketed to be re-sold/go public they can do that, but asking all agencies to convert to W2 model is wrong.

Sincerely,

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