

Wage Standards, Sufficient Medicaid Rates Would Strengthen Nursing Facility Care in Maryland

Position Statement in Support of House Bill 725

Given before the House Health and Government Operations Committee

Maryland's budget is a moral document that has the power to move us toward broadly shared prosperity if invested wisely, and just as much power to move us in the wrong direction if not. Investing Marylanders' shared resources in decent jobs that pay a family-supporting wage is vital to support a healthy, equitable economy.

House Bill 725 would advance these goals while strengthening our long-term care workforce. For these reasons, the Maryland Center on Economic Policy supports House Bill 725.

Long-term care workers are a vital part of the social infrastructure that keeps Maryland going. They provide essential services to aging Marylanders and Marylanders with disabilities, but the state struggles to meet the need for these workers.ⁱ Demographic change is expected to worsen this shortfall in coming years and decades. Maryland's 65+ population grew by 18% from 2015 to 2021, while the 20–64 population increased by only 0.2%.ⁱⁱ By 2030, our 65+ population is projected to grow by another 29% as the 20–64 population slightly declines.ⁱⁱⁱ Paltry wages and dangerous working conditions are an important contributor to this worker shortage,^{iv} and disproportionately harm women of color, who constitute the bulk of this workforce:^v

- 76% of direct care workers in nursing homes in Maryland are Black and 81% are workers of color, as of 2017.
- 88% of direct care workers in nursing homes in Maryland are women.
- 32% of direct care workers in nursing homes in Maryland were born outside the United States.
- Direct care workers in nursing homes in Maryland typically took home less than \$26,000 per year in 2017, equivalent to only \$12.39 per hour for a full-time worker (81% of all workers). One in three had family income less than double the federal poverty line.

House Bill 725 would strengthen Maryland's long-term care workforce by increasing Medicaid reimbursement rates by 5.8% compared to current law beginning in fiscal year 2024, and requires that facilities pass through 90% of the required rate increase to direct care workers.

Strengthening protections to ensure workers are paid livable wages would directly benefit workers and would also reduce barriers to maintaining a sufficient long-term care workforce to provide essential supports to aging Marylanders and Marylanders with disabilities.

For these reasons, the Maryland Center on Economic Policy respectfully requests that the Health and Government Operations Committee make a favorable report on House Bill 725.

Equity Impact Analysis: House Bill 725

Bill summary

House Bill 725 would require the state to increase Medicaid reimbursement rates for certain medical care providers including nursing homes by 10% in fiscal year 2024, rather than 4% under current law (a 5.8% increase compared to the status quo). The bill requires that facilities pass through 90% of the required rate increase to direct care workers.

Background

Long-term care workers provide essential services to aging Marylanders and Marylanders with disabilities, but the state struggles to meet the need for these workers. Demographic change is expected to worsen this shortfall in coming years and decades. Research links this shortage in large part to low wages and dangerous working conditions.^{vi}

Equity Implications

House Bill 725 would strengthen protections for nursing home workers who face dangerous working conditions, often take home low wages, and are disproportionately women of color.^{vii}

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Impact

House Bill 725 would likely **improve racial, gender, and economic equity** in Maryland.

ⁱ “The Direct Services Workforce in Long-Term Services and Supports in Maryland and the District of Columbia,” PHI, 2018, <https://phinational.org/wp-content/uploads/2018/09/DSWorkers-Maryland-2018-PHI.pdf>

ⁱⁱ MDCEP analysis of U.S. Census Bureau Population Estimates.

ⁱⁱⁱ MDCEP analysis of U.S. Census Bureau Population Estimates and Maryland Department of Planning population projections.

^{iv} “The Direct Services Workforce,” 2018.

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^{vii} “The Direct Services Workforce,” 2018