



Diana Jarek, Attorney  
Public Justice Center  
201 North Charles Street, Suite 1200  
Baltimore, Maryland 21201  
410-625-9409, ext. 223  
jarekd@publicjustice.org

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## HB 725 – Funding for Wage Increases for Medical Provider Workers

Hearing of the House Committee on Health and Government Operations - 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 the right of low-wage workers to receive an honest day’s pay for an honest day’s work. The PJC **supports HB 725**, which would increase Medicaid medical care provider reimbursement rates and allow 90% of the increase to be specifically designated for worker wages and benefits.

**Problem: Direct care workers play a critical role in the functioning of the health care system, but low-wages and understaffing have fueled a substantial labor shortage.**

- Between 2018 and 2028, the long-term care sector will need to fill about 8.2 million job openings in direct care, including 1.3 million new jobs and an additional 6.9 million jobs that will become vacant when workers leave the field or exit the labor force altogether.<sup>1</sup>
- Despite the dire need for care workers, wages for direct care workers are untenably low.<sup>2</sup>
  - The median wage for a direct care worker in Maryland is just \$14.62/hour.
  - The annual median personal earnings a full-time care worker in Maryland is \$26,700.
  - One in three direct care workers in Maryland live below the poverty line.
  - 39% of Maryland’s care workers lack affordable housing.

**Solution: A Medicaid rate reimbursement increase with a wage pass-through is the most direct way to address nursing home and home care staff shortages and increase quality of care.**

- As of September 2020, 22 states have enacted similar wage pass-through provisions as part of their Medicaid programs to attract and retain care workers.<sup>3</sup>

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<sup>1</sup> Kezia Scales, “From Crisis to Emergency: 8.2 Million Direct Care Job Openings Expected by 2028.” January 2020. Available at <https://phinational.org/resource/from-crisis-to-emergency-8-2-million-direct-care-job-openingsexpected-by-2028/>.

<sup>2</sup> PHI, “Direct Care Workforce State Index: Maryland.” Available at <https://www.phinational.org/state/maryland/>.

<sup>3</sup> Institute for Healing Justice & Equity, “Direct Care Worker Wage Pass-Through Law Final Report,” September 2020. Available at [https://ihje.org/wp-content/uploads/2020/12/Direct-Care-Worker-Wage-Pass-Through-Law-Final-Report\\_September-2020\\_Institute-of-Healing-Justice-and-Equity.pdf](https://ihje.org/wp-content/uploads/2020/12/Direct-Care-Worker-Wage-Pass-Through-Law-Final-Report_September-2020_Institute-of-Healing-Justice-and-Equity.pdf).

- SB 549 requires that 90% of this reimbursement increase go directly to care workers' wages.
- This increase in workers' take-home pay is the first step towards bolstering and retaining the care workforce that Marylanders rely upon.

The PJC is a member of the Caring Across Maryland coalition, a broad coalition of patients, loved ones, care workers, and advocates all impacted by our broken long term care system. The Caring Across Maryland coalition supports HB 725.

For the foregoing reasons, the PJC **SUPPORTS HB 725** and urges a **FAVORABLE** report. Should you have any questions, please call Diana Jarek at 410-625-9409 ext. 223.