

Wage Standards, Sufficient Medicaid Rates Would Strengthen Long-Term Care in Maryland

Position Statement in Support of Senate Bill 604

Given before the Senate Finance 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. Senate Bill 604 would advance these goals while strengthening our long-term care workforce. For these reasons, the Maryland Center on Economic Policy supports Senate Bill 604.

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.ⁱ Demographic change is expected to worsen this shortfall in coming years and decades. Paltry wages and dangerous working conditions are an important contributor to this worker shortage,ⁱⁱ and disproportionately harm women of color, who constitute the bulk of this workforce:ⁱⁱⁱ

- 63% of home care workers in Maryland are Black, and 76% are workers of color.
- 80% of home care workers in Maryland are women, and 60% are women of color.
- 43% of home care workers in Maryland were born outside the United States.
- Home health and personal care aides in Maryland typically took home only \$14.08 per hour in 2021.^{iv} If a worker is misclassified as an independent contractor, this is equivalent to an employee wage of only \$12.91 per hour.

Senate Bill 604 would strengthen Maryland's long-term care workforce by requiring home care provider agencies to pay personal care aides at least \$16 per hour beginning in July 2024, but not less than 64% of the reimbursement rate paid by the state to the agency. At the same time, the bill would require the state to increase Medicaid reimbursement rates for this care to \$25 per hour, ensuring that agencies can afford to pay decent wages.

Strengthening protections to ensure workers are paid livable wages would directly benefit workers and would also reduce barriers to maintaining a sufficient home 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 Senate Finance Committee make a favorable report on Senate Bill 604.

Equity Impact Analysis: Senate Bill 604

Bill summary

Senate Bill 604 would require home care provider agencies to pay personal care aides at least \$16 per hour beginning in July 2024, but not less than 64% of the reimbursement rate paid by the state to the agency. The bill would also require the state to increase Medicaid reimbursement rates for this care to \$25 per hour beginning in July 2024.

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.^v 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

Senate Bill 604 would strengthen protections for home care workers who face dangerous working conditions, often take home low wages, and are disproportionately women of color.^{vii} It would also benefit Marylanders with disabilities by increasing the long-term supply of workers available to provide necessary supports.

- 63% of home care workers in Maryland are Black, and 76% are workers of color.
- 80% of home care workers in Maryland are women, and 60% are women of color.
- 43% of home care workers in Maryland were born outside the United States.
- Home health and personal care aides in Maryland typically took home only \$14.08 per hour in 2021.^{viii} If a worker is misclassified as an independent contractor, this is equivalent to an employee wage of only \$12.91 per hour.

Impact

Senate Bill 604 would likely **improve racial, gender, disability, and economic equity** in Maryland.

ⁱ Elizabeth Shwe, “Home Care for Older Adults Increased During COVID, but Direct Care Workers Remain Hard to Find,” *Maryland Matters*, October 7, 2021, <https://www.marylandmatters.org/2021/10/07/home-care-for-older-adults-increased-during-covid-but-direct-care-workers-remain-hard-to-find/>

ⁱⁱ “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>

ⁱⁱⁱ MDCEP analysis of 2019–2021 IPUMS American Community Survey microdata.

^{iv} Bureau of Labor Statistics, May 2021 Occupational Employment and Wage Statistics for Maryland

^v Shwe, 2021

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

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

^{viii} Bureau of Labor Statistics, May 2021 Occupational Employment and Wage Statistics for Maryland