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TO: The Honorable Pamela Beidle, Chair  
Members, Senate Finance Committee  
Senator Clarence Lam

FROM: Danna L. Kauffman  
Pamela Metz Kasemeyer  
Christine K. Krone  
410-244-7000

DATE: February 6, 2024

RE: **SUPPORT WITH AMENDMENT** – Senate Bill 371 – *Maryland Medical Assistance Program – Provider Agencies and Personal Care Aides – Reimbursement and Wage Reports (Homecare Workers Livable Wage Act of 2024)*

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On behalf of the Maryland Association of Adult Day Services and the Maryland-National Capital Homecare Association, we submit this joint letter of **support with amendment** for Senate Bill 371.

Senate Bill 371 seeks to accomplish two items: 1) require residential service agencies to report certain wages to the Department of Labor regarding personal care aides; and 2) require the Maryland Department of Health (MDH) to study the costs incurred by home-and-community based services to provide care to Maryland recipients versus the level of payments provided by the State. Within the report is the added requirement to study the cost implications for increasing wages for personal care aides to 150% of minimum wage.

To clarify, the study required in Senate Bill 371 is not a new study. Rather, it is simply the requirement to update the 2018 study done by MDH (by Hilltop Institute).<sup>1</sup> The final report released by the Hilltop Institute demonstrated a clear deficiency in funding by the State for Medicaid home-and-community based services.<sup>2</sup> As drafted, Senate Bill 371 appears to only apply to personal care providers (i.e., residential survey agencies) but this was not the intent and is a drafting error. Given that the “bones” of the study have already been accomplished, it should be less labor-intensive to update it. It is important to note that the General Assembly, through budget language in 2019, required MDH to develop a 5-year plan for closing the funding gap. Unfortunately, the Department failed to develop this plan. Rather, it simply reported that it needed more information and was going to issue an RFP to acquire that information, which did not occur. The State is long overdue in updating and implementing the recommendations that

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<sup>1</sup> The HCBS study is Section 2 of the bill. [2018 Regular Session - House Bill 1696 Third Reader \(maryland.gov\)](#).

<sup>2</sup> House Bill 1696 (Chapter 798 of the Acts of 2018) – Report on Rare & Expensive Case Management Reimbursement Rates for Home-and-Community Based Care and the Costs Associated with Providing Service and Care Under Other Home-and-Community Based Services. [Report on REM Reimbursement Rates for Home- and Community-Based Care.pdf \(maryland.gov\)](#)

have been requested by the General Assembly. With rising operating costs and healthcare workforce constraints, now is the time to revisit this issue and give equal attention to the health and security of Medicaid as the State has given to other program and funding items.

While MNCHA is supportive of the reporting of wages, that support is predicated on the updating of the study. Without the study, the reporting of wages becomes problematic. Currently, the federal government has proposed to require that no less than 80% of all Medicaid payments, including but not limited to base payments and supplemental payments, be spent on compensation to direct care workers. Unfortunately, the federal government has failed to account for how each state, including Maryland, pays for personal care services and whether this rule is sustainable for agencies, given deficiencies in payments. Therefore, this study is essential for the ongoing health of personal care agencies.

Apart from personal care, this legislation is supported by other home-and-community based organizations, such as the Maryland Association of Adult Day Services, who have advocated for the updating of the 2018 report. This is especially important now, given market conditions and competition in sustaining an adequate workforce. MAADS would request that the issue of increasing wages to 150% be done for all home-and-community based services included in the report, given that increasing wages for only one sector can have a negative effect on others.

Therefore, both MNCHA and MAADS are supportive of Senate Bill 371 with clarifying amendments.