

Reliable Data Are Key to Strengthening Maryland's Care Infrastructure

Position Statement in Support of Senate Bill 371

Given before the Senate Finance Committee

Home care workers are a vital part of the social infrastructure that keeps Maryland going. These workers provide essential services to aging Marylanders and Marylanders with disabilities. They provide care in the community, rather than in residential facilities, which brings many documented benefits. But today the industry faces a severe and growing labor shortage. While the causes of this shortage are not mysterious – most importantly, low wages undermine efforts to attract and retain a sufficient workforce – policymakers lack the data needed to solve this problem. Senate Bill 371 would increase the state's knowledge base on home care workers' wages and agencies' cost structures, enabling policymakers to set appropriate reimbursement rates, raise wages, and build a stronger workforce. Moreover, Senate Bill 371 mirrors legislation passed unanimously by the House of Delegates in 2023.

For these reasons, the Maryland Center on Economic Policy supports Senate Bill 371.

Maryland already has a serious shortage of home care workers.ⁱ Without a significant influx of new workers into the industry, this shortage will only grow in coming years as our state's population continues to age. Maryland's 65+ population grew by 18% from 2015 to 2021, while the 20–64 population increased by only 0.2%. By 2030, our 65+ population is projected to grow by another 29% as the 20–64 population slightly declines.ⁱⁱ At this rate, we will be increasingly unable to meet the need for home care as time goes on.

Policymakers cannot make good decisions without high-quality information. Our current home care system does not produce the kind of workforce data needed to manage Marylanders' growing home care needs effectively.ⁱⁱⁱ We have made limited progress on this front recently, as lawmakers in 2022 enacted legislation requiring home care agencies to report to the state the number of workers they classify as employees and the number they classify (in most cases inappropriately) as independent contractors. However, policymakers still lack data on the most important variable for strengthening this workforce – wages.

Senate Bill 371 would build policymakers' knowledge base by:

- Requiring agencies to report to the state their average, lowest, and highest hourly wages paid to home care workers, as well as other data the Maryland Department of Health (MDH) needs to fulfill its responsibilities under the bill
- Requiring MDH to assess the actual cost of care and the sufficiency of current reimbursement rates
- Requiring MDH to develop a plan to close any gap between reimbursement rates and actual costs
- Requiring MDH to report to the General Assembly an estimate of the reimbursement rate necessary to raise home care wages to 150% of the state minimum wage

At the same time, Senate Bill 371 minimizes burdens on home care agencies, requiring only a small amount of high-level, aggregate data.

Passing Senate Bill 371 would reaffirm the House of Delegates' commitment to improving the home care data landscape, expressed in the chamber's unanimous passage of House Bill 318 of 2023.

For these reasons, the Maryland Center on Economic Policy respectfully requests that the Senate Finance Committee make a favorable report on Senate Bill 371.

Equity Impact Analysis: Senate Bill 371

Bill summary

Senate Bill 371 would require home care agencies to report certain aggregate wage data to the Maryland Department of Health (MDH), require MDH to assess the sufficiency of reimbursement rates, and require MDH to recommend payment rates sufficient to raise home care workers' wages to 150% of the state minimum wage.

Background

Maryland currently faces a shortage of long-term care workers.^{iv} As the state's population continues to age in coming years, the needs for these services will grow significantly. Absent a substantial increase in the supply of long-term care workers, the shortage will become more severe.

The House of Delegates unanimously passed House Bill 318 of 2023, which (as amended) would have created substantially the same reporting system as Senate Bill 371.

Equity Implications

The data required under Senate Bill 371 would strengthen the state's ability to meet Marylanders' growing home care needs. This is especially important for Marylanders with disabilities, who are a major population served by home care workers.

To the extent that policymakers use these data to improve wages, Senate Bill 371 will also benefit home care workers, a group that disproportionately includes workers who face structural barriers in our economy:

- 84% of home care workers in Maryland are women.
- 60% of home care workers in Maryland are Black, and 74% are workers of color.
- 61% of home care workers in Maryland are women of color.
- 42% of home care workers in Maryland were born outside the United States.
- Home health and personal care aides in Maryland typically took home only \$15.26 per hour in 2022.^v For a misclassified worker, this is equivalent to \$14.00 paid to an employee.

Impact

Senate Bill 371 would likely **improve racial, gender, disability, 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 and Maryland Department of Planning population projections.

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- iii Christopher Meyer, “Budgeting for Opportunity Case Study: A Racial Equity Analysis of Medicaid-Funded Home- and Community-Based Services,” Maryland Center on Economic Policy, 2023, <https://www.mdeconomy.org/budgeting-for-opportunity-case-study/>
- iv “The Direct Services Workforce,” 2018.
- v Bureau of Labor Statistics, May 2022 Occupational Employment and Wage Statistics for Maryland