



576 Johnsville Road
Sykesville, MD 21784

TO: Budget and Taxation
FROM: LeadingAge Maryland
SUBJECT: Senate Bill 761, Funding for Wage Increases for Medical Provider Workers
DATE: March 9, 2022
POSITION: Unfavorable

LeadingAge Maryland opposes Senate Bill 761, Funding for Wage Increases for Medical Provider Workers.

LeadingAge Maryland is a community of more than 135 not-for-profit aging services organizations serving residents and clients through continuing care retirement communities, affordable senior housing, assisted living, nursing homes and home and community-based services. Our mission is to expand the world of possibilities for aging in Maryland. We partner with consumers, caregivers, researchers, public agencies, faith communities and others who care about aging in Maryland.

This bill provides that the 4% increase in Medicaid reimbursement rates must be used to fund wage increases for health care workers and staff in nursing homes who provide direct care to residents, including housekeeping, laundry, nutritional, and activities services.

Medicaid providers have experienced chronic underfunding coupled with rising costs causing them to either operate in the negative or with very small margins. Unlike other businesses, these providers are unable to pass added costs on to consumers. The Marylanders they serve are either on Medicaid, which reimburses at a set rate that must be used to cover all expenses, receive subsidies through the State grant program, or pay out-of-pocket on fixed incomes and cannot afford higher fees.

COVID-19 and its aftermath will most certainly test community organizations and ultimately determine whether the provider network is capable of meeting the steady and increased demand for critical services. Providing the full 4% rate increase without ties is essential for the ongoing viability of these entire provider organizations and for the health and

safety of the individuals they serve. The COVID-19 pandemic has exacerbated a workforce crisis that was near a breaking point before the outbreak.

LeadingAge Maryland appreciates the intent of the bill. Many of our members have already adjusted to providing a minimum wage of \$15 or more to better support their valuable team members. Unfortunately, however, this bill ties the hands of Medicaid providers. The 4% increase is urgently needed to support rising costs of operations, including increased prices of products, testing, PPE, *and* staffing. Directing the entirety of the 4% increase for wage increases compromises the viability of the provider community and the State's ability to continue to reduce unnecessary emergency department and inpatient utilization throughout the pandemic and beyond.

For these reasons, LeadingAge Maryland respectfully requests an unfavorable report for Senate Bill 761.

For additional information, please contact Aaron J. Greenfield, 410.446.1992