



TO: The Honorable C.T. Wilson, Chair
Members, House Economic Matters Committee
The Honorable Moore-Miller Administration

FROM: Danna L. Kauffman
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DATE: February 27, 2023

RE: **SUPPORT WITH AMENDMENT** – House Bill 549 – *Fair Wage Act of 2023*

On behalf of the LifeSpan Network, the Maryland Association of Adult Day Services, the Maryland-National Capital Homecare Association, and the Hospice and Palliative Care Network of Maryland, we respectfully **support with amendment** House Bill 549. House Bill 549 accelerates the minimum wage to \$15/hour beginning October 1, 2023. In doing so, the proposed Fiscal Year 2024 budget accelerates the required rate increases for specified Medicaid providers.

By increasing the minimum wage to \$15/hour with reimbursement rate acceleration, it will assist health care organizations in addressing the healthcare workforce shortage and enable them to be more competitive in hiring. However, while we support the acceleration of the minimum wage, we oppose the inclusion of the CPI indexing. It is important to note that, on a practical basis, each time the minimum wage is increased, it creates a “domino effect,” putting additional pressure on businesses to increase all staff salaries. For those that care for Medicaid and Medicare recipients or for those caring for Maryland’s seniors and the disabled on fixed incomes, this becomes unsustainable, given that additional expenses cannot be shifted to the consumer as in other businesses.

If the indexing is not removed, at the very least, the Medicaid reimbursement rates must be indexed comparable to the minimum wage increases, similar to the steps taken by the Maryland General Assembly when it passed the bill to begin increasing the minimum wage. Again, without the indexing of the Medicaid reimbursement rates, it becomes an unfunded mandate on providers caring for the most vulnerable residents of the State without the ability to shift costs.

Therefore, we urge favorable consideration of the \$15/hour with the removal of the yearly indexing. Thank you.