



Larry Hogan, Governor · Boyd K. Rutherford, Lt. Governor · Dennis R. Schrader, Secretary

April 20, 2022

The Honorable Delores G. Kelley
Chair
Senate Finance Committee
3 East Miller Senate Office Bldg.
Annapolis, MD 21401-1991

The Honorable Joseline A. Peña-Melnyk
Chair
House Health and Government Operations
Committee
241 House Office Bldg.
Annapolis, MD 21401-1991

Re: SB 384/HB 652 (Ch. 776 and 775 of the Acts of 2021) – Report on the Steps Taken to Bring the Rates for Personal Care Aides in Line with the Cost of Delivering Services

Dear Chair Kelley and Chair Peña-Melnyk:

Pursuant to language set forth in Senate Bill (SB) 384/House Bill (HB) 652 (Chapters 776 and 775 of the Acts of 2021), the Maryland Department of Health (MDH) respectfully submits this report on the steps that MDH has taken to bring the rates for personal care aides in line with the cost of delivering services.

We support the Governor's Budget, as introduced in the 2021 and 2022 Session, and thank Governor Larry Hogan for his leadership and the General Assembly in its support of the rate increases to home- and community-based service (HCBS) providers since the 2018 legislative report.¹

Background

During the 2018 Legislative Session, the Maryland General Assembly enacted HB 1696/SB 1071 (Ch. 798 of the Acts of 2018) and designated a Task Force to study access to home health care for children and adults with medical disabilities. The bill also required MDH to study the reimbursement rates for home- and community-based services provided under the Rare and Expensive Disease Manager (REM) program.

MDH reported the Task Force's findings and recommendations to the Senate Education, Health, and Environmental Affairs Committee, the Senate Finance Committee, the House Appropriations Committee, and the House Health and Government Operations Committee on December 27,

¹ Report on Rare and 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 Programs. January 2018.

<https://health.maryland.gov/mmcp/Documents/ICRs/2018/Report%20on%20REM%20Reimbursement%20Rates%20for%20Home-%20and%20Community-Based%20Care.pdf>

2018, making recommendations in a three-pronged approach: reimbursement rates, education and training for licensed practical nurses (LPNs), and quality of LPN services overall.²

The first recommendation regarding reimbursement rates was based on the Task Force's finding that Maryland reimbursed home health services at rates lower than three neighboring jurisdictions (Washington, DC, PA, WV) and higher than one neighboring jurisdiction (VA). In FY 2019, the Fee-For-Service hourly reimbursement rate for the most-common type of service billed (T1003) was \$35.20, and the average LPN salary in 2017 was \$53,280. That rate had not increased more than 3% since FY 2009 and had been stagnant for some of those years.

To lessen the reimbursement gap between Maryland and the surrounding states, MDH recommended two possible options for rate increases (see Table 1). The first option (Option 1) considered a 25% increase, consistent with a recommendation published in a September 13, 2018, Baltimore Sun article.³ The second option (Option 2, suggested by MDH) would increase the reimbursement rate by 24.32%, which would raise MD to the average rate of neighboring jurisdictions, including PA, VA, WV, DC, and DE. The Task Force found that implementing this type of increase within a single year would have a substantial fiscal impact and that phasing in an increase over time with adjustments to account for inflation was another pathway to implementing a change in reimbursement.

MDH Efforts to Increase Reimbursement Rates

In May 2018, Governor Larry Hogan announced that Maryland Medicaid HCBS and nursing care providers in the community would receive a 3 percent rate increase for State Fiscal Year (FY) 2019 as required by SB280/HB166 (Labor and Employment - Payment of Wages - Minimum Wage (Fight for Fifteen) - Ch. 11 and 10 of the Acts of 2019). Consistent with the requirements of the bill, MDH implemented rate increases in FYs 2019, 2020, and 2021 at levels at or above the bill's requirements.

MDH increased rates by 3.5% in FY 2019 (a rate higher than the rate initially promised by the administration), and 4% in both FY 2021 and FY 2022. On December 17, 2020, Governor Hogan announced that MDH would implement the FY 2022 increase 6 months early in January 2021 rather than in July 2021. Additionally, MDH leveraged funding available through the federal American Rescue Plan Act to raise rates by an additional 5.2% effective November 1, 2021.

² Report on Findings and Recommendations for Payments for Home- and Community-Based Services Provided Under the Medical Assistance Program or the Rare and Expensive Case Management Program. December 2018. http://dlslibrary.state.md.us/publications/Exec/MDH/HB1696Ch798_2018.pdf

³ McDaniels, Andrea. "Maryland families struggle to find in-home nurses, who make more money in neighboring states" *Baltimore Sun* 9/13/21. <https://www.baltimoresun.com/health/bs-hs-home-nurses-20180916-story.html>

Table 1: T1003 and T1031 Reimbursement Rates – 2018 Task Force Recommendations, Options 1 and 2

HCPCS Code	FY 2019 Hourly Reimbursement Rate	Dec. 2018 Report Option 1: Baltimore Sun proposal	Option 1 Percent Change	Dec. 2018 Report Option 2: MDH study proposal	Option 2 Percent Change
T1003	\$35.20	\$44.00	+25.00%	\$42.20	+24.32%
T1031	\$24.32	\$30.40	+25.00%	\$30.23	+24.31%

Table 2: T1003 and T1031 Reimbursement Rates – Actual Rate Increases Implemented through FY22 and Projected Rates Increased to FY26

HCPCS Code	FY 2019 Hourly Reimbursement Rate	FY 2022 Hourly Actual Rate as of 11/1/21	Percent Rate Change since FY 2019	FY 2026 Projected Hourly Rate	Percent Rate Change from FY 2019
T1003	\$35.20	\$41.24	+17.16%	\$48.24	+37.05%
T1031	\$24.32	\$28.44	+16.94%	\$33.27	+36.80%

Table 2 illustrates the growth in rates from FY 2019 to FY 2022, as well as the projected rates in FY 2026, assuming that the remaining 4% increases outlined in SB 280/HB 166 are fully funded. With T1003 currently reimbursed at \$41.24 per hour (4 units of service), this represents a 17.16% increase since FY 2019. By FY 2024, reimbursement rates will have increased by 26.72%, well above the levels outlined in both Option 1 and 2 of the previous report. By FY 2026, rates will have increased by 37.05% and 36.80% for T1003 and T1031, respectively.

Rates have also been increased for these services since FY 2019, as illustrated in Table 3 below:

Table 3: REM Rate Comparison, FY 2019 & FY 2022

Service	FY 19 Reimbursement	FY22 Reimbursement
Medical Day Care (6 hour day)	\$79.84	\$93.58
Respite Services (provided in an assisted living facility) (24 hours)	\$78.43	\$91.91
Senior Center Plus (8 hours)	\$49.45	\$57.95
Assisted Living II with MDC (18 hours)	\$46.63	\$54.65
Assisted Living III with MDC (18 hours)	\$58.80	\$68.91
Assisted Living II no MDC (24 hours)	\$62.15	\$72.83
Assisted Living III no MDC (24 hours)	\$78.43	\$91.91

Residential Habilitation Level 1 (24 hours)	\$211.72	\$248.62
Residential Habilitation Level 2 (24 hours)	\$280.34	\$329.19
Residential Habilitation Level 3 (24 hours)	\$387.84	\$455.41
Day Habilitation Level 1 (5 hours)	\$54.67	\$64.19
Day Habilitation Level 2 (5 hours)	\$95.35	\$111.97
Day Habilitation Level 3 (5 hours)	\$134.15	\$157.52
Supported Employment Level 1 (.75 hour)	\$32.43	\$38.08
Supported Employment Level 2 (1 hour)	\$54.67	\$64.19
Supported Employment Level 3 (4 hours)	\$134.15	\$157.52
Dietitian/Nutritionist Services	\$67.97	\$79.66
Case Management (non-REM)	\$63.75	\$74.69
Behavior Consultation	\$67.97	\$79.66
Family Training	\$67.97	\$79.66
Personal Assistance Services (non-shared) (Hourly)	\$17.50	\$20.54
Personal Assistance Services (non-shared) (Daily) (12 hours)	\$225.88	\$264.74
Personal Assistance Services (shared) (Hourly)	\$11.67	\$13.68
Personal Assistance Services (shared) (Daily) (12 hours)	\$150.59	\$176.49
Nurse Monitoring	\$86.39	\$101.24
Consumer Training	\$44.08	\$51.67
Individual Support Services	\$26.51	\$31.12
Private Duty RN (1 participant) - per 15 minutes	\$13.57	\$15.91
Private Duty RN (2+ participants) - per 15 minutes	\$9.36	\$10.97
Private Duty LPN (1 participant) - per 15 minutes	\$8.80	\$10.31
Private Duty LPN (2+ participants) - per 15 minutes	\$6.08	\$7.11
CNA or HHA (1 participant) - non-CMT – per 15 minutes	\$3.85	\$4.52
CNA or HHA (2+ participants) - non-CMT – per 15 minutes	\$2.68	\$3.12
CNA or HHA (1 participant) – CMT – per 15 minutes	\$4.65	\$5.45
CNA or HHA (2+ participants) – CMT – per 15 minutes	\$3.20	\$3.76

Initial Nursing Assessment (3 hours or less)	\$150.00	\$150.00
Coordinated Care Fee, Initial Rate	\$400.21	\$445.86
Coordinated Care Fee, Risk Adjusted High Initial	\$295.51	\$329.22
Coordinated Care Fee, Risk Adjusted Low	\$176.13	\$196.22
Coordinated Care Fee, Risk Adjusted Maintenance Level 3	\$92.96	\$103.56

If you have any questions about this report, or would like additional information, please contact Heather Shek, Director, Office of Governmental Affairs at heather.shek@maryland.gov.

Sincerely,



Dennis R. Schrader
Secretary

cc: Steven R. Schuh, Deputy Secretary, Health Care Financing and Medicaid
Heather Shek, Director, Office of Governmental Affairs
Sarah Albert, Department of Legislative Services, 5 copies (MSAR #13130)