



04/05/21

Honorable Council members,

On behalf of the Maryland Association of Adult Medical Day Services (MAADS), whose members provide Medical Day Care Services throughout the State and in particular to nearly 2000 elderly and disabled adults in Montgomery County, we request that the Council increase the Medical Day Care Minimum Wage Supplement in the County Executive FY2022 budget to meet the actual shortage amount of \$2.7M.

As you are aware, higher **minimum wage rates** pose significant challenges to Medicaid providers such as Adult Medical Day Cares (AMDC) in the County:

1. Medicaid rules strictly prohibit Adult Medical Day Care (AMDC) Providers from passing the associated increase in labor costs to their consumers. This is a sharp contrast from other businesses that can pass the additional costs onto consumers.
2. State licensing regulations prohibit AMDC Providers from reducing staff or limiting services due to staffing ratio and other requirements. Again, this is in sharp contrast to other businesses that have the ability to adjust their staffing and product lines.
3. Medicaid pays all AMDCs across the State a single flat fee for a day of service provided to a qualified participant (regardless of which county they serve). **This places the Montgomery County providers in significant disadvantage** because the cost of providing services and operating a business in our county is much higher than other counties.
4. In the covid and post-covid era, it is much harder to find staff willing to work in health care settings than other jobs that do not require direct contact with people. In addition to this challenge, AMDCs now have to compete with larger organizations paying a higher minimum wage in the County. This has resulted in an unprecedented competition and challenge for MADCs having to pay individuals even above the minimum wage rates in order to provide services to their participants. This rapid increase in labor costs is not sustainable for AMDCs.
5. Since AMDCs only get paid for services rendered, the Covid-related restrictions in transportation and social distancing are resulting in significant reduction in revenues for AMDCs, making them especially susceptible to any and all operating costs, especially the minimum wage difference between the State and Montgomery County, which now has grown to more than 13% of AMDC's operating budget.
6. Montgomery County's rapid and continuous increase in minimum wage over the past few years on top of the increased cost of operations during and post covid era, has created an **existential emergency** that requires the County to provide **immediate** supplement to enable the AMDCs to continue functioning and serving the community.

Recognizing that not supporting AMDCs will leave a significant deficiency in the County's ability to care for the growing population of fragile elderly and disabled adults, we strongly urge the County Council to increase the funds allocated to AMDCs for FY22.

The following table provides the required minimum wage supplement per fiscal year.

Fiscal Year	County Min Wage	State Min Wage	County AMDC Subsidy (Prior to State Min Wage Law)	State Min Wage Subsidy?	County AMDC Subsidy (After State Min Wage Law)	Savings to County
2020	\$ 12.75	\$ 10.10	\$ 1,627,531.15	No	\$ 1,627,531.15	\$ -
2021	\$ 13.50	\$ 11.00	\$ 2,604,049.84	Yes	\$ 2,604,049.84	\$ -
2022	\$ 14.25	\$ 11.75	\$ 3,580,568.53	Yes	\$ 2,766,802.96	\$ 813,765.58
2023	\$ 14.50	\$ 12.50	\$ 3,906,074.76	Yes	\$ 2,115,790.50	\$ 1,790,284.27
2024	\$ 15.00	\$ 13.25	\$ 4,557,087.23	Yes	\$ 1,790,284.27	\$ 2,766,802.96
2025	\$ 15.45	\$ 14.00	\$ 5,142,998.44	Yes	\$ 1,236,923.68	\$ 3,906,074.76
2026	\$ 15.91	\$ 15.00	\$ 6,368,080.20	Yes	\$ 1,189,399.77	\$ 5,178,680.43
TOTAL			\$ 27,786,390.16		\$ 13,330,782.16	\$ 14,455,608.00

Similar to organizations catering to individuals with **Developmental Disabilities**, **AMDCs provide much needed care to the county's frail and vulnerable populations. Furthermore, AMDCs are subject to similar Medicaid funding shortage and challenges.** These programs are basically branches of the same tree, or arms to the same body. COMAR defines AMDCs as providing services to **Adults with Medical Disability** and DDAs as providing services to **individuals with Developmental Disability**. Furthermore, because developmental disability is a form of medical disability, many people living with developmental disabilities also use and depend on AMDC services for their daily life.

Therefore, we respectfully request that the Council increase the funding to the FY2022 budget so that our labor costs are kept steady as the minimum wage continues to increase. It does not cost much to cover the AMDCs budgetary shortage. This supplement helps ensure the viability of the AMDC programs for the disabled and the elderly whose population is expected to increase significantly over the next two decades.



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