



04/08/25

Honorable Council members,

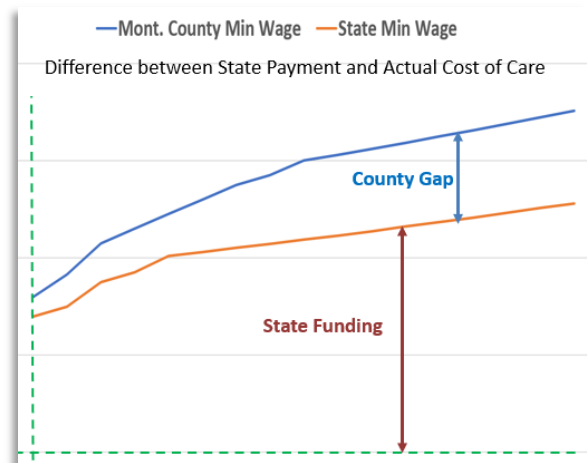
On behalf of Montgomery County Adult Medical Day Care Coalition, whose members provide multicultural and socially appropriate medical day care services to over 1,600 elderly and disabled adults in our County on daily basis, we like to thank you and the County Executive for your continued support and commitment to ensure viability of such essential services to our older adults and individuals with disabilities.

The County Executive's FY26 Budget includes a 3% increase over the FY25 amount. **We request that the County Council support this increase and consider it as "high priority" as it is essential for AMDC operations.**

As you know, Adult Medical Day Cares (AMDC) are primarily Medicaid providers and as such are prohibited from passing along any increased costs of operations (such as those associated with the County minimum wage increase or the recent historic inflationary costs) to their participants. AMDCs also cannot set their own Medicaid rates, and thus depend entirely on the State and the County for support to deliver care to our most vulnerable populations.

That is why in 2017, when the Council decided to increase the County's minimum wage to above that of the State's minimum wage, a budget line-item was created to provide supplemental funding to cover the Gap differential associated with the County Minimum Wage. This funding is essential for Montgomery County AMDCs to continue to function and deliver care and support to our growing aging and disabled population, as it helps offset the labor cost differential between the State minimum wage and that of the County minimum wage.

It's very important to also note that AMDCs are facing significant challenges in funding from the State. For FY26, due to significant uncertainty with the Federal budget, Medicaid budget is not expected to increase funding, and thus places the AMDCs at a very difficult financial status.



Therefore, the County supplement has been essential for medical day cares over the past few years as the County's labor costs have grown and remain above that of other counties in the State.

As you are all aware, AMDCs are very different than regular businesses:

1. Medicaid rules prohibit AMDCs from charging additional fees to its recipients. This is a sharp contrast from other businesses that simply can pass the additional operating costs onto consumers.
2. State licensing regulations prohibit AMDCs 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 costs and process efficiencies.
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 AMDCs in a

significant disadvantage because the cost of providing services and operating a business in our county is much higher than other counties.

4. Medicaid has chronically underfunded AMDCs over the past decade, resulting in AMDCs being stretched as far as they could to survive.
5. AMDCs are the only alternative to nursing home placement or in-home care for our aged or disabled residents. They are the only venue that provides culturally-diverse services to adults and disabled individuals that alleviate social isolation, provide respite care for caregivers, while addressing transportation, nutrition, medical, and physical and cognitive activities.
6. AMDC services span all age groups (16 years and older) and cater to adults, seniors, and individuals with Developmental Disabilities.
7. Not supporting AMDCs will leave a significant deficiency in the County's ability to provide care for the growing population of fragile elderly and disabled adults.

Therefore, we respectfully request that the Council strongly support the AMDC supplement and the proposed 3% increase for the FY24 budget as a High Priority line item.

Additional support documents and presentations have been provided to HHS staff, where we pointed out an unintended miscalculation, which we hope will be resolved by the Council and staff.

In the recent FY26 proposed budget, the County Executive intended to provide 3% increase to DD and AMDC supplements. 3% increase to the FY25 supplement amount of \$2,442,992 would be equal to \$73,290, but the increased amount stated in the public records is only \$67,000! If we work backwards from this amount and calculate the base value from which this amount was calculated we get \$2,233,333! It turns out that this value is not inclusive of the \$200K the Council approved for the two new ADCs which were added to the supplement last year.

We believe that the correct calculation of the 3% supplement increase should therefore be $(\$2,442,992 * 0.03) = \$73,290$, and the corresponding total FY26 supplement amount should be $(\$2,442,992 * 1.03) = \underline{\$2,516,282}$ for FY26 ADC supplement.

We will be more than happy to address any questions or data needs shall they be needed.

Thank you so much for your continued support.

Afshin Abedi, Ph.D.
President

Maryland Association for Medical Adult Day Services (MD-MADS)