Testimony

House Commerce Committee

Hearing on Workforce Shortages Facing Business in the Commonwealth

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On behalf of the Pennsylvania Homecare Association, thank you Chairman Roae and Chairman Galloway for allowing us to share our members' experiences with recruitment and retention of a qualified workforce to support the long-term care needs of Pennsylvania's aging and disabled populations.

PHA is a statewide membership association, with approximately 700 members that provide nursing, therapy, non-medical personal care, and end-of-life care in hundreds of thousands of individual's homes across the Commonwealth. Like our colleagues across the healthcare continuum, over the last year, the home-based care industry has faced significant challenges in providing in-home services, including significantly increased expenses, workforce shortages, and difficulties accessing PPE, COVID-19 testing, and vaccine. Today I will focus on workforce challenges unique to home-based care, specifically where agencies are enrolled as Medical Assistance (MA) providers delivering personal assistance services (PAS).

MA provider agencies deliver long-term supports and services in the home to Pennsylvanians who are financially and clinically eligible for those services, receiving reimbursement from state funds for services provided. Rates, however, have remained almost stagnant for over a decade as demand for home care is at an all-time high and costs associated with providing care are increasing sharply. Providers have seen only small increases to the rate – 2% in 2014 and 2% in 2019. These rates remain significantly lower than comparable Department of Human Services (DHS) program rates. For providers in the lowest reimbursement region, the rates are less than $18/hour; for those in the highest reimbursement region the rates are less than $20/hour. These rates must cover all costs associated with the provision of care – wages (and any other payments) for caregivers and office staff, employer taxes, PPE, insurance, training, overtime, transportation costs, IT, and more.

The reality is that agencies are left with few resources to offer higher wages, directly impacting their ability to recruit and retain direct care workers (DCWs). In recent years homecare agencies, those providing personal assistance services such as bathing, toileting, dressing, and meal prep, have noted significant difficulties in recruitment of DCWs. In 2018, the Homecare Pulse Benchmark survey reported an 88% turnover rate in this workforce. We have heard from members that part of the turnover can be attributed to individuals moving between agencies for higher wages, sometimes for as little as 25¢/hour more.

According to the Bureau of Labor Statistics, the average median wage paid to DCWs is $12.40/hour, however, this rate includes DCWs employed by private pay agencies who are able to pay higher wages, as they are able to set their own rates. A recent survey of PHA members providing Medicaid-funded PAS services showed the average DCW starting wage to be $10.82/hour, with a median starting wage of $11.00. The same survey showed that 37% of responding providers pay a lower average rate of $8.09/hour for travel (non-caregiving) time.

COVID-19 has only exacerbated an already dire problem. The pandemic created a multitude of challenges for a workforce that is unable to work remotely. Many DCWs were faced with the risk of contracting COVID-19 because the nature of their work puts them outside of their own homes and in close contact with other individuals. Additionally, daycares and schools were closed, requiring many parents to stay home with their children. Finally, enhanced unemployment benefits meant that many DCWs benefited by staying home and not taking on inherent risks associate with providing care during a pandemic.

In addition to competing with other DHS program rates, private pay providers, and enhanced unemployment benefits for a limited workforce, Medicaid-funded PAS agencies face significant challenges competing for workers against private employers like Sheetz, Target, or Amazon, who offer $15-18/hour and more, in addition to generous sign-on payments. Even after the enhanced unemployment benefits expire, MA providers still will not be able to compete at the current wages they are able to offer.

PHA understands and is aware that many industries are facing workforce shortages, but MA-enrolled agencies are disadvantaged in a very unique way. We cannot simply raise prices to cover costs or offer hazard pay or sign-on bonuses. We must petition the legislature to direct an increase in funding to adjust to the increasing demand for services – an increase of 20% over the past year. Current reimbursement rates make it impossible for providers to compete for qualified caregivers, as shown by the increased difficulties staffing cases, increased overtime costs for providers, and the number of missed shifts. Thirty PHA provider agencies reported that on March 1, 2020, they employed 20,184 DCWs. By spring of 2021, that number had dropped to 16,855, a loss of more than 16%. The same agencies reported 3,827 DCW openings earlier this summer, and these are only a fraction of the total need across the state.

This paints a grim reality for MA-enrolled providers and the Pennsylvanians that they serve. The demand for services far outpaces the ability to staff cases. PAS providers cannot recruit and retain a qualified workforce, and without a qualified workforce, those relying on PAS services as a lifeline will not receive the quality care that they need to keep them safely in their homes and communities and out of more costly, less desirable institutionalized care. What's more, there is an increased turnover in office staff as well. Those individuals tasked with assigning DCWs to shifts are reporting increased stress as they are put in the unenviable position to pick winners and losers – to decide who receives care that day and who does not. The industry is reporting an exodus of office managers that are leaving the industry due to emotional burnout.

However, there is a path forward. Earlier this year, the federal government passed the American Rescue Plan Act, which contained targeted funding for home and community-based services. Pennsylvania is estimated to receive approximately $1.2 billion that can be used to increase rates over three years. This spending will be distributed by DHS, with approval for spending by the Centers for Medicare and Medicaid Services (CMS). Today we request your support in ensuring that that the money is distributed as quickly as possible, to protect access to care and the lives and safety of our seniors and Pennsylvanians with disabilities.

Home-based care is a critical piece of the healthcare continuum. Home care providers serve hundreds of thousands of Pennsylvania's most vulnerable, and it is critical that they and their consumers are properly funded, especially as we continue to face significant COVID-19-related challenges. We stand ready to work with legislators and the administration in any way we can as you work to ensure the viability and longevity of home-based care for all Pennsylvanians.

Thank you again for your time and consideration of these important issues.