



New York State Joint Legislative Budget Hearing on Health

Tuesday, January 23, 2023

Thank you for the opportunity to provide comments on the Fiscal Year 2025 Executive Budget for New York State. PHI is a New York-based national non-profit organization that works to transform eldercare and disability services by promoting quality direct care jobs as the foundation for quality care. For more than three decades, PHI has been the nation's leading expert on the direct care workforce through our research, policy analysis, and direct consultation with policymakers, payers, providers, and workers—developing a unique 360-degree perspective on the long-term care system and its workforce in our state and across the United States.

Across New York, more than 584,000 direct care workers—including home health aides, personal care aides, and nursing assistants, —provide care to older adults and people with disabilities in private homes, residential care communities and nursing homes across the state.¹ These workers assist individuals with daily personal care, help them maintain their optimal health and wellbeing, and support their social engagement. Because they provide more hands on care to clients/residents than any other provider, they also offer vital information and insight to inform care planning and delivery.² The critical contribution of this workforce has never been more evident than during the past four years, as direct care workers have struggled to provide ongoing care during the prolonged COVID-19 crisis and its aftermath. Immediate action is needed to support the current direct care workforce and to recruit new job candidates for this sector—which, according to PHI research, will have over 1 million total job openings in the state between 2020 and 2030 because of growing demand and worker attrition, far outpacing job growth for any other occupation in the state.³

Candidly, it is startling to see a budget proposal for New York that fails to recognize the crucial role the direct care workforce plays in the lives of New York residents, the crisis-level shortage of these workers, and the economic impact of failing to sustain and invest in these essential workers. As the budget stands, direct care workers go unrecognized, under-compensated, and without adequate improvements in place to ensure we can recruit and retain the quality workforce our state needs to provide care to its most vulnerable citizens. This testimony highlights the importance of investing in this workforce and identifies key priority areas. The needs are urgent and we call on the legislature to address this Administration's oversights.

¹ PHI. "Workforce Data Center." Last modified September 2023. <https://phinational.org/policy-research/workforce-data-center/>.

² PHI. 2023. *Direct Care Workers in the United States: Key Facts*. Bronx, NY: PHI. <https://www.phinational.org/resource/direct-care-workers-in-the-united-states-key-facts-2023/>.

³ PHI. "Workforce Data Center." Last modified September 2023. <https://phinational.org/policy-research/workforce-data-center/>.

Importance of Investing in Direct Care Workers

Investing in direct care jobs—including in wages, benefits, training, and other job quality elements—is a critical strategy for stabilizing and strengthening this workforce to meet the ever-growing need for long term care services.

A living wage for direct care workers would lift existing workers out of poverty and financial precarity—while also helping address the structural, intergenerational inequities that impact the women and people of color comprising this workforce.⁴ Due to inadequate compensation, more than half (51%) of New York’s direct care workers access some form of public assistance to survive⁵. Beyond the beneficial impact for workers and their families, investing in a wage increase would also yield a reduction in these public assistance expenditures. As an example, a recent report from LeadingAge, a national association representing nonprofit aging services providers and other mission-driven organizations, estimated that raising direct care wages to a living wage in 2022 would reduce the use of public assistance among these workers by nearly 17 percent, equating to public savings of \$1.6 billion.⁶

Higher wages and better benefits would also make direct care jobs more attractive to new job seekers, which is a critical step toward building the pipeline into these jobs and filling workforce gaps. A more stable and sufficient direct care workforce would also help overcome service gaps and ensure continuity and quality of care for consumers. This outcome would be invaluable for those who require paid support to live their daily lives with independence, dignity, comfort, and safety—but there is enormous potential value for our health and LTSS system as well. On balance, the evidence indicates that home care can help maintain optimal levels of health and function while preventing or delaying more costly outcomes such as emergency department visits, hospitalizations, and early nursing home admissions.⁷

⁴ Dill, Janette, and Mignon Duffy. 2022. “Structural Racism and Black Women’s Employment in the US Health Care Sector.” *Health Affairs*, 41(22): 265-272; Iezzoni, Lisa I., Naomi Gallopyn, and Kezia Scales. 2019. “Historical Mismatch Between Home-Based Care Policies and Laws Governing Home Care Workers.” *Health Affairs*, 38(6): 973-980.

⁵ PHI. “Workforce Data Center.” Last modified September 2023. <https://phinational.org/policy-research/workforce-data-center/>

⁶ Weller, Christian, Beth Almeida, Marc Cohen, and Robyn Stone. 2020. *Making Care Work Pay: How Paying at Least a Living Wage to Direct Care Workers Could Benefit Care Recipients, Workers, and Communities*. Boston, MA: Leading Age LTSS Center @UMass Boston. <https://leadingage.org/wp-content/uploads/drupal/Making%20Care%20Work%20Pay%20Report.pdf>.

⁷ Wilson, Michael G. 2018. *Rapid Synthesis: Identifying the Effects of Home Care on Improving Health Outcomes, Client Satisfaction, and Health System Sustainability*. Hamilton, ON: McMaster Health Forum. <https://www.mcmasterforum.org/docs/default-source/product-documents/rapid-responses/identifying-the-effects-of-home-care-on-improving-health-outcomes-client-satisfaction-and-health-system-sustainability.pdf?sfvrsn=2>.

Family caregivers will also benefit from investments in the direct care workforce, which in turn will benefit our economy overall. Nationally, more than 53 million family members (and neighbors, friends, and other individuals)⁸ contribute an estimated \$470 billion annually in unpaid care.⁹ Among these unpaid caregivers, the majority report having experienced at least one change in their own employment situation due to caregiving, such as reducing hours, taking time off, foregoing a promotion, or giving up paid work entirely. Approximately half report negative financial outcomes such as increased debt, loss of savings, late or unpaid bills, and more, even when they are able to access temporary paid family leave benefits. With more paid care available for respite and ongoing assistance, unpaid caregivers could continue to support their loved ones without reducing their own productivity in the labor market.

Finally, investment in the direct care workforce—one of the largest but lowest-paid occupations in New York—could stimulate consumer spending and job growth overall. The LeadingAge analysis cited above estimated that paying direct care workers at least a living wage would add \$17 to \$22 billion to local economies from 2022 to 2030 as these workers spend their additional income on clothing, food, health care, transportation, and other necessities—generating up to 86,000 new jobs in other sectors of local economies.

In her budget overview, the Governor noted that Medicaid spending is continuing to rise, driven primarily by New York’s aging population.¹⁰ As the state balances an on-going demographic shift and the subsequent demand for long-term services and supports, investing in the direct care workforce is an essential component of a cost-control strategy for all the reasons outlined above. Recently, New York had a tremendous opportunity to leverage federal funds to shore up the direct care workforce through the 1115 Research and Demonstration Medicaid Waiver Amendment. Instead, this workforce was inexplicably excluded from the list of priority occupations targeted for \$7.5B in investment over the coming three and a half years.¹¹ As a result, it becomes crucial for the Legislature to take a leadership role and address this omission through the budget process.

⁸ <https://www.caregiving.org/wp-content/uploads/2021/01/full-report-caregiving-inthe-united-states-01-21.pdf>. National Alliance for Caregiving and AARP. 2020. *Caregiving in the US 2020*.

⁹ Reinhard, Susan, Lynn Friss Feinberg, Ari Houser, et al. 2019. *Valuing the Invaluable 2019 Update: Charting a Path Forward*. Washington, DC: AARP Public Policy Institute. <https://www.aarp.org/content/dam/aarp/ppi/2019/11/valuing-the-invaluable-2019-update-charting-a-pathforward.doi.10.26419-2Fppi.00082.001.pdf>.

¹⁰ Hochul, Kathy and Blake Washington, “Our New York, Our Future” FY2025 NYS Executive Budget. January 16, 2024.

¹¹ New York State 1115 Medicaid Waiver Information Page.

https://www.health.ny.gov/health_care/medicaid/redesign/medicaid_waiver_1115.htm

Raise Wages for All Direct Care Workers

To recruit and retain the direct care workforce requisite to provide all New Yorkers with the quality care they need, the legislature must take action to ensure that direct care workers receive total compensation that provides a living wage and economic security. The median hourly wage for direct care workers in New York is \$16.88, \$3.67 less per hour than wages for other occupations in the state with similar or lower entry requirements.¹² Low wages also contribute to costly and damaging turnover in this workforce, as direct care workers leave the long-term-care field for higher-paying or more stable opportunities. Raising wages is a fundamental and necessary step, but it must go along with access to full-time and reliable hours, adequate reimbursements to providers, and state support for recruitment and retention strategies that work.

One action the legislature must take is to disregard the Executive Budget's proposal to eliminate wage parity for the Consumer Directed Personal Assistance Program (CDPAP) in New York City and in Nassau, Suffolk, and Westchester counties as it did in the FY24 budget. The State should not be finding cost savings at the expense of low-wage workers providing essential services. By eliminating wage parity, many CDPAP workers will experience a lowered wage floor, when a higher floor is needed to recruit and retain the workforce New York needs. The proposed change would allow home care workers employed by consumers in CDPAP to be paid differing amounts from workers employed by agencies. Wage disparities such as these can drive direct care workers to change jobs, transferring worker shortages from one care setting to the other without addressing the global shortage of direct care workers. Therefore, PHI urges the legislature to maintain wage parity for direct care workers in different settings, while improving pay and job quality across all settings.

Further, PHI urges the legislature to direct the Department of Health to incorporate a living and competitive base wage, indexed to inflation, for all direct care workers into Medicaid rates across long-term care settings. This base wage should be established with stakeholder input and integrated into Medicaid rates through a transparent rate-setting process. The Department of Health should also establish a base rate that managed long-term care (MLTC) plans must pay providers that covers all labor costs, including wages, benefits, training, supervision, and other costs. The Department of Health must then ensure that providers pass through the livable and competitive base wage to workers.

¹² PHI. "Workforce Data Center." Last modified September 2023. <https://phinational.org/policy-research/workforce-data-center/>; Analysis by PHI (2023) of U.S. Bureau of Labor Statistics (BLS), Division of Occupational Employment and Wage Statistics (OEWS). May 2022 State Occupational Employment and Wage Estimates. <https://www.bls.gov/oes/home.htm> by O*NET categories: O*NET 27.0 Database. <https://www.onetcenter.org/database.html#all-files>

Invest in Adequate Training and Core Competencies

All workers deserve quality job training and direct care workers are no exception. Quality direct care job training standards and programs should ensure that all workers acquire the skills, knowledge, and confidence to succeed in their complex roles. Current training standards do not reflect the skills required to adequately support today's long-term care clients, are siloed across regulatory agencies, and require that direct care workers comply with requirements driven by payment source or waiver rather than by the competencies needed to perform the job. This fractured system impacts the ability of direct care workers to move across settings or serve diverse client populations and limits the state's ability to cultivate a robust and stable direct care workforce.

Training should be competency-based, adult learner-centered, cover a range of relational and technical skills related to quality care, and account for cultural, linguistic, and learning differences. A quality state-wide training program should include the opportunity for specialized training and advancement and provide workers with documentation of certification and/or program completion and offer connection to employment opportunities.

We commend the Governor's leadership of the state's Master Plan for Aging, which provides a clear opportunity for investment in the direct care workforce. A diverse group of experts across all sectors that impact aging in our state are leading work to develop forward-looking, innovative recommendations - including a deep look at the direct care workforce training infrastructure. Despite this, the Governor's budget includes essentially no investment in training for this workforce, raising serious concern about the state's ability to meet key goals of the Master Plan.

Additional Recommendation: Improve Direct Care Workforce Data Collection

Insufficient data on the direct care workforce in New York makes it difficult to quantify workforce shortages and other challenges, monitor workforce trends over time, design policy and practice interventions, and evaluate their impact. To help address this significant gap, PHI urges the legislature to allocate additional funds to improve the collection, monitoring, and reporting of direct care workforce-related information across all long-term care settings. As a first step, the state should survey all relevant departments and agencies to catalog existing workforce-related data collection mechanisms and to identify gaps and inconsistencies. Going further, the state could fund a survey of direct care workers to gather their firsthand experiences, insights, and recommendations for improving job quality. Clear, comprehensive qualitative and quantitative data would serve to support the calls for investment in this workforce outlined throughout this testimony.

Conclusion

This testimony focuses on the importance of investing in a living wage, building a competency-based training infrastructure that provides stackable skills and credentials, and improving data collection efforts on behalf of New York's direct care workforce. Other investments are necessary to strengthen the direct care workforce, improve the quality of long-term care services and supports, and build a more equitable state. Given the Governor's omission of this workforce in her budget, it is imperative that the legislature act through the budget process to make necessary investments in these essential workers. PHI stands ready to work with Governor Hochul and the legislature on these efforts. Please contact Amy Robins, Director of Public Policy and Advocacy at arobins@PHInational.org or (718) 928-2041.