



New York State Legislature Health/Medicaid Budget Hearing

January 23, 2024

Testimony of Ilana Berger, New York Caring Majority Coalition Coordinator

Thank you for the opportunity to testify today, and for all you do to ensure the health of New Yorkers.

My name is Ilana Berger, and I'm the New York Director of Caring Majority Rising and the Coordinator of New York Caring Majority (NYCM). New York Caring Majority is a campaign of older adults, disabled people, home care workers and family caregivers from across New York State. We are organizing to build a sustainable and just caring economy that enables all New York families to access and afford dignified home care and other community-based services, and that supports the paid and unpaid caregivers whose work allows all of us to live in our homes and communities. Our Steering Committee members are: The Association on Aging in New York, Caring Majority Rising, Chinese American Planning Council, Consumer Directed Personal Assistance Association of NYS, Cooperative Home Care Associates, Hand in Hand: The Domestic Employers Network, Jews for Racial and Economic Justice, National Domestic Workers Alliance, and New York Association on Independent Living.

I am here to speak in favor of Fair Pay for Home Care (May/S3189, Paulin/A8821) and the Home Care Savings and Reinvestment Act (Rivera/S7800, Paulin/8470) and against any cuts to wage parity for workers in the Consumer Directed Personal Assistance Program as well as the "unallocated" \$400 million cuts to the Medicaid program. It is not acceptable that rather than save \$3 billion per year by removing private insurance company middlemen in Medicaid funded home care delivery, Governor Hochul is proposing cuts to underpaid home care workers.

Summary

New York is facing the worst home care shortage in the nation because of low wages. Yet instead of investing in home care, New York State has wasted nearly \$6 billion dollars in the past 4 years alone paying private insurance companies - Managed Long-Term Care Plans (MLTC). While the insurance companies receive billions of dollars per year in profit

and administrative fees, the promise they gave of care management, and the associated higher quality of care, has not materialized.

Rather than cuts like the \$400 million Governor Hochul proposes in her budget, we need investment in the home care sector. Fair Pay for Home Care would increase home care worker wages to 150% of minimum wage and finally make home care a living wage job.

The Home Care Savings & Reinvestment Act would stop the State from wasting billions on Managed Long-Term Care Plans by removing these middlemen, returning home care management directly to the State, and freeing billions of dollars to invest in home care wages.

The Hochul administration must prioritize effective Medicaid budget planning by adopting a strategic, multi-year perspective instead of resorting to short-sighted, arbitrary, and punitive cuts each fiscal year. Recognizing that the Home Care Savings and Reinvestment Act would produce significant savings within the next three years, the state should consider using reserves to plug financial gaps during this transitional period. It is crucial that Governor Hochul adopt a comprehensive and forward-thinking approach to budgeting to ensure the long-term stability and success of our Medicaid program, particularly given the growing need as our population ages.

The Problem : New York's Home Care Worker Shortage and the Failed Promise of Medicaid Managed Long-Term Care

We are in a crisis - New York's population is aging rapidly but we don't have enough home care workers to care for the state's older adults and disabled people. [Over 4.6 million New Yorkers will be over age 65 by 2035](#) — an increase of 29% in the next decade — and nearly 1 million New Yorkers will require home care by 2035. Nearly [20% of state home care positions are unfilled](#) and 42% of agencies reported high turnover.

As the population of older adults grows, so does the need for caregiving and an improved system of providing home and community-based services, including home care. The vast majority of us prefer to live and age in our homes and communities. According to a recent [SEIU](#) poll, 90% of Americans prefer home care over nursing homes.

Yet, according to a [Mercer](#) labor analysis, New York is facing the worst home care shortage in the nation— and without adequate wages, the home care worker shortage will hit [1.47 million workers](#) by 2035.

This is because the home care worker shortage is largely driven by the extremely low pay in the sector — according to PHI, 57% of NY home care workers - who are 91% women and 81% people of color - rely on public assistance and 49% lack affordable housing. Home care workers who love their jobs are leaving in droves to find better paying jobs.

Home care is skilled health care work: it includes bathing and toileting, meal prep and tube feeding, wound care and medication management. New York pays home care workers less

than state jobs including janitors, lifeguards, and even state ski instructors. A significant pay increase — 150% of minimum wage — is the only solution to end the home care shortage.

Thanks to thousands of home care advocates partnering with our champions in the legislature, New York took first steps to address this crisis: the budget passed in 2022 included small raises for the first time in a decade— and the budget passed in April 2023 added an additional small increase (note: this raise was paired with an equal cut to wage parity benefits that meant only upstate workers saw an overall raise in pay.) Yet these increases come nowhere close to the wage we know is needed to end the home care shortage, and to provide payment commensurate with the skill required for home care jobs.

In order to avert an ever-worsening crisis, the state must increase homecare worker pay. Instead, the Governor claims we don't have the funds while simultaneously throwing away billions of dollars through Medicaid Managed Long-Term Care.

In 2011, the State gave control of its Medicaid home care program to private insurance companies – arguing that privatization would improve care with care management. **While the Managed Long Term Care plans receive billions of dollars per year in profit and administrative fees, the promise of care management, and the associated higher quality of care, has not materialized.**

First, MLTC plans do not provide “care coordination”:

- NYS began paying for-profit insurance companies to manage and coordinate healthcare for a number of Medicaid services, in an effort to improve care by coordinating between doctors.
- However, 87% of the services these private insurance companies currently provide are solely home care. In practice, "care coordination" is not provided.

MLTC plans intentionally over-enroll consumers and then limit home care hours to increase profits:

- A 2023 HHS audit found a [major state MLTC was not complying with requirements for denying home care](#) and found “New York had limited ability to conduct effective oversight.”
- Comptroller DiNapoli recently found \$2.8 billion was paid to MLTCs that provided little to no home care services to members — and [recommended DOH monitor MLTCs more closely](#) to ensure recipients “are receiving the appropriate level of care.”
- Medicaid Matters NY criticized the “financial incentive.. that [deters plans from authorizing higher levels of services](#), which are more costly.”
- NYLAG found 9 major NY MLTCs authorized under 160 hours per month for [more than 85% of members](#).
- A 2015 Medicaid Matters report found [MLTCs were systematically cutting home care hours](#), typically without proper notice or legal justification.

- [A study of Fair Hearing decisions](#) in NYS found that over 90% of all MLTC decisions to reduce hours of home care were reversed in a Fair Hearing.

MLTC spending is opaque:

- Since this privatization, the State has been legally unable to ensure that the dollars they have budgeted for improvements to care have been paid to providers and workers.
- Biden’s new recommended Medicaid Access Rules released last April would [require states to show that MLTC are more cost effective than fee for service](#).
- Because contracts are proprietary, [DOH isn’t even aware of all the rates](#) offered—and even when the DOH has the authority to intervene, it doesn’t have the resources to meddle in each individual contract.
- A 2021 federal HHS audit found [between 25-50% of MLTC claims were incomplete or inaccurate](#) for NY’s largest plan.

MLTC led to billions in State waste:

- The insurance companies have received billions of dollars per year in profit and administrative fees.
- The [insurance companies are entitled to keep 15%](#) of every Medicaid dollar received.
- In the past 3.75 years, NY has given \$5.5 billion to the 24 private insurance companies “managing” home care in administrative costs and profit:
 - \$3.1 billion on administrative costs
 - \$2.4 billion in profit
 - In 2021 alone, the latest full year of data available, private insurance companies pocketed \$722 million in profits — this profit margin of 5.5% was twice the national average.

Instead of improving home care quality, Managed Long-term Care Plans have taken billions of dollars in profit and administrative costs, while worsening the home care crisis for countless older adults and disabled New Yorkers across the state.

Solution: Fair Pay for Home Care & The Home Care Savings and Reinvestment Act **NOT cuts**

First, as stated above, we need a long view on Medicaid and home care – the state needs to look several years out to the savings that will be created by the Home Care Savings and Reinvestment Act and use our plentiful reserves to fill holes now. We cannot afford any cuts to home care workers or home care overall when the home care shortage is growing. New York State gives private insurance companies hundreds of millions of dollars a year in profit and administrative fees to mis-manage home care. Yet instead of ending this wasteful system, Governor Hochul is hunting for savings from the pockets of underpaid home care workers, and in doing so, making the 200,000 workers in this sector second-class home care workers.

As New York’s population ages, the Governor’s decision to cut \$2.55 an hour from the 200,000 home care workers in the consumer directed personal assistance program (CDPAP) will push more workers out of home care and worsen our state’s dangerous shortage.

There are approximately 500,000 home care workers in New York State. Approximately 225,000 of these workers are in the Consumer Directed Personal Assistance Program, the vast majority of whom work downstate and receive wage parity. **The budget proposes “to discontinue Wage Parity for CDPAP producing State share savings of \$200 million in FY 2025.”** Wage parity equals \$2.55 cents/hour for home care workers in New York City, Long Island and Westchester. Ending wage parity would affect approximately 200,000 home care workers.

Year	Total Pay	Change
FY23	\$19.09 NYC	
FY24	\$21.09 NYC	+\$2.00 home care increase
Hochul FY25 Executive Budget Proposed Wage	\$18.55 NYC	-\$2.54 — And <u>less</u> than workers earned before the home care wage hike

Rather than cuts, we need investment. We need to end the state’s dangerous home care shortage to keep older adults and disabled people safe — and the way to do it is by raising home care worker wages through Fair Pay for Home Care. The economic and additional benefits of Fair Pay for Home Care have been demonstrated repeatedly. Fair Pay for Home Care would:

- End the home care worker shortage: Fair Pay for Home Care would wipe out the home care workforce shortage in less than five years.
- Keep people safe: Fair Pay for Home Care would keep older adults and disabled people out of nursing homes and emergency rooms.
- Strengthen our economy: The [state would generate \\$6.4 billion through job creation](#) and moving home care workers off of social assistance — putting FP4HC on track to be one of the most successful economic development programs in the state’s history.
- Lift workers out of poverty: Fair Pay for Home Care would lift over 200,000 home care workers out of poverty.

In order to ensure our Medicaid home care delivery system is efficient, provides quality care and uses all available resources for the provision of care, we also urge passage of the Home Care Savings and Reinvestment Act (Rivera/S7800, Paulin A8470.)

The Home Care Savings & Reinvestment Act would stop the State from giving insurance companies hundreds of millions of dollars meant for the home care sector by removing these ineffective middlemen and returning home care management directly to the State. It would redirect unnecessary administration and profit to stabilize the workforce and keep up with growing demand.

The bill will generate up to \$3 billion in savings annually, which could be used to pay for growing home care needs, improve service quality, and ensure continuity of care by funding higher wages for home care workers during New York's worst-in-the-nation home care worker shortage. The Act would additionally create a cost-effective program to ensure that consumers receive the care management they need. The Home Care Savings & Reinvestment Act would save New York State between \$25 and \$32 billion over the next ten years.

The proposed bill replaces MLTC with a managed fee for service model. Valerie Bogart, long-time Medicaid advocate at the New York Legal Assistance Group, testifies to the effectiveness of this model, "As shown to work in Connecticut, Washington State, and Alabama, a care management entity would be paid for the job of developing a care plan and authorizing services. This model is truly conflict-free, unlike the MLTC model in which the MLTC plan has a conflict of interest with its own members that leads it to deny crucial services. Providers would bill Medicaid for services on a fee-for-service basis. Medicaid would pay for the services provided, instead of an inflated premium to an insurance plan that is much higher than the few services actually provided. *Our clients will be able to get the home care services they desperately need.* Managed Fee for Service will also promote accountability and transparency. Providers will bill the state Medicaid program instead of MLTC plans, so rates will be transparent and will cover increases in the minimum wage."

Conclusion

New York is facing a dangerous home care shortage that will only worsen as our population ages. Yet the State has wasted nearly \$1.5 billion dollars a year alone paying private insurance companies to mis-manage Medicaid home care. Meanwhile, the promise of managed care, better care management and coordinated care, has never materialized. Insurance companies have made billions, the home care crisis for countless older adults and disabled New Yorkers across the state has worsened, and New Yorkers have gotten nothing.

We urge the legislature to include Fair Pay for Home Care and The Home Care Savings & Reinvestment Act in their budget.

Fair Pay for Home Care would wipe out the home care workforce shortage in less than five years and the state would generate \$5.4 billion through job creation and moving home care workers off social assistance — putting Fair Pay for Home Care on track to be one of the most successful economic development programs in the state's history.

The Home Care Savings and Reinvestment Act will save the State approximately \$3 billion per year by removing these ineffective middlemen, returning home care management directly to the State, and freeing up billions to invest directly into home care wages.

We look forward to working alongside our legislative champions and allies across the state to ensure robust investment in home care.

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