



Testimony to Assembly Ways and Means and Senate Finance Committees Joint
Legislative Budget Hearing on Health/Medicaid February 28, 2023
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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. Between 2021-2040, NYS is projected to grow by 3% —but the 65+ population will grow by 25%. The number of adults over age 85 will grow by 75%. 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.

But according to a [Mercer](#) labor analysis, New York currently faces the worst home care workforce shortage in the nation which will grow worse as our population ages.

PHI projects that New York will have nearly 1 million job openings for home care workers over the next decade. A survey by the Home Care Association [HCA](#) in NY found that 25% of home care consumers reported they were unable to find home care workers and nearly 20% of home care positions are currently unfilled due to staff shortages.

The home care worker shortage is largely driven by the extremely low pay in the sector — 57% of NY home care workers - who are 91% women and 81% people of color - rely on public assistance and 49% lack affordable housing. Because of this low pay, home care workers who love their job are leaving in droves to find better paying jobs. Thanks to thousands of home care organizers and advocates partnering with our champions in the legislature, New York took first steps to address this crisis: the budget passed this April included small raises for the first time in a decade— but the \$3 increase comes nowhere close to the wage we know is needed to end the home care shortage.

Additionally, the state is letting the Managed Long-Term Care plans starve home care providers – despite the Plans' claims that they are 'bargaining in good faith' the reality is that they are not passing adequate money to home care providers. In fact, a recent Times Union article reported "private insurance companies are offering pay bumps [as](#)

[low as 20 cents and 50 cents per hour](#), according to offers from two insurance companies.

According to a New York Association of Health Care Providers member survey, the average reported contract rate to cover the \$2/ hour increase is just \$1.85, but it costs employers \$2.66/hour to cover the new wage plus mandatory fringe. Out of 308 MLTC contracts for home care, 12% didn't adjust their rates at all. In fact, even at the end of October, a full month after the new minimum wage was implemented, 50% of survey respondents had not received a contract amendment or change relative to the new minimum wage.

Because of this, many home care agencies are funding the wage increase by tapping into lines of credit, while MLTCs post record profits – [looking at MLTC financials from 2021](#) (the last year we have records for shows the state's 25 managed care plans kept \$722 million in profit in 2021. That's three quarters of a billion dollars – just about enough to fund Fair Pay for Home Care.

The Solution: Fair Pay for Home Care

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 including the full language of Fair Pay for Home Care in the budget. This would raise home care wages to at 150% of minimum wage and would ensure that our taxpayer dollars designated for care get to home care agencies and workers NOT to provide profit for private insurance companies.

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 dangerous nursing homes.
- 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: The Fair Pay for Home Care Act would lift over 200,000 home care workers out of poverty wages.

- Creates jobs for women of color: The home care sector is 91% female and 77% people of color — so fair wages would create new jobs for historically underpaid communities.

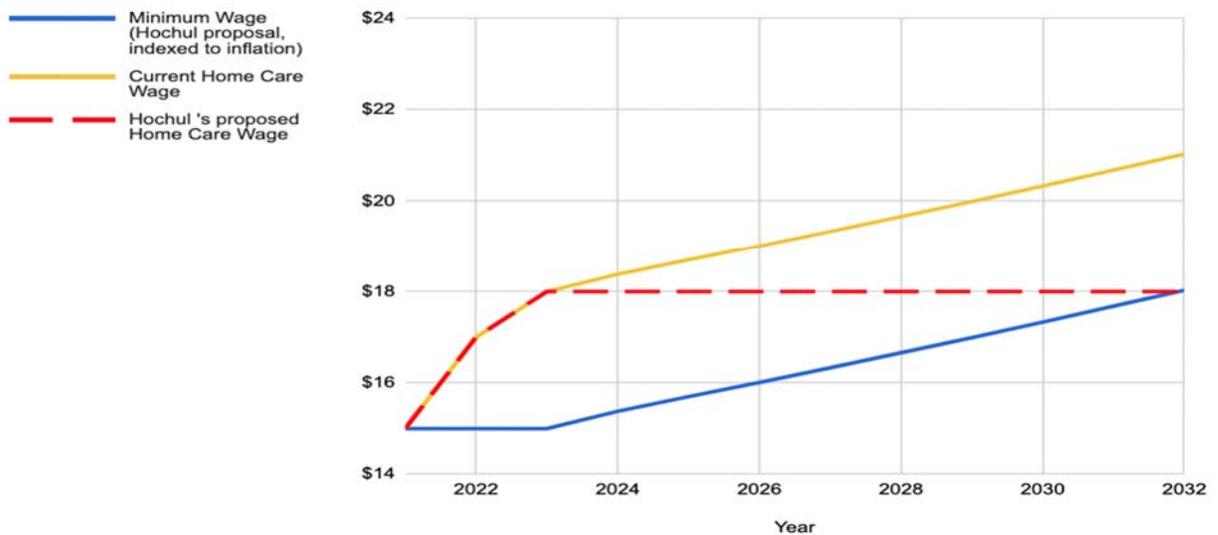
It's time for New York to care for older adults and disabled people — by investing in home care that will keep them safe and at home and ending the state's dangerous home care shortage.

We would also like to take this opportunity to respond to three proposals in the Executive Budget:

First, Governor Hochul's budget proposes returning home care wages back to the minimum wage. After legislators won a \$3 increase above the minimum wage for home care workers, the Governor's budget plans to return workers back to the minimum wage in the near future. The 2022/2023 budget indexed home care to \$3/hour above minimum wage, and now just 8 months later, the Governor is proposing to stop this indexing, and to freeze home care wages at \$18 until the minimum wage catches up, so that home care will once again be a minimum wage job.

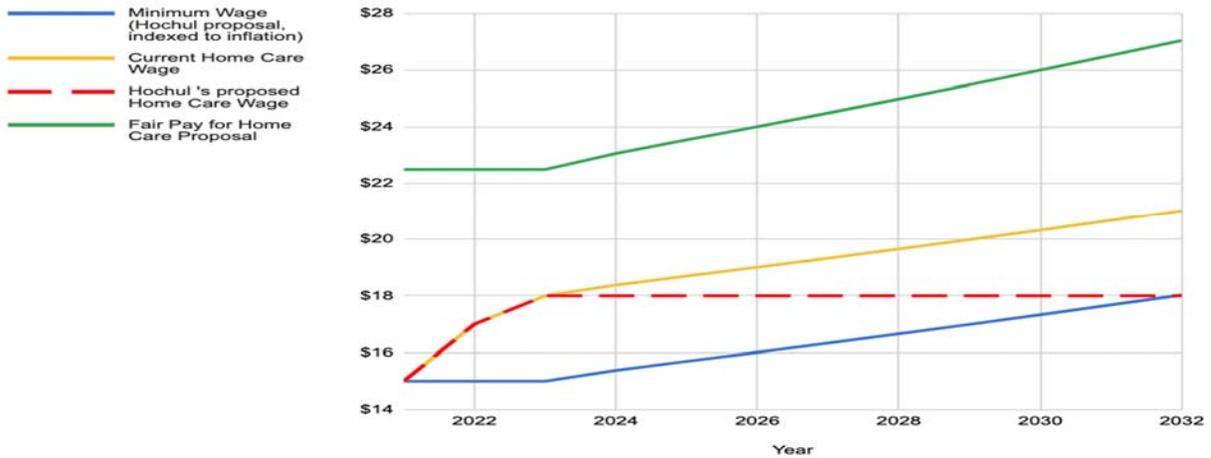
At a time when New York's population is aging and the demand for home care is greater than ever, Governor Hochul is ensuring the shortage only deepens in the coming years.

Home Care Wages - Current vs. Budget Proposal



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Home Care Wages



Second, the Governor’s budget continues to allow MLTCs to steal home care funding.

Finally, the Governor proposes cuts to all CDPA workers by carving them out of the wage parity program — essentially cutting 100,000 home care workers’ wages by \$4 an hour.

Home care workers are hired in two ways — through home care agencies (PCAs), or directly by clients (CDPA). Governor Hochul proposes making CDPAs “second-class” workers — cutting their wages and benefits by up to \$4/hour and renewing former-Governor Cuomo’s proposal to close almost all of the agencies in the state ([Health and Mental Hygiene, Part I](#)).

Conclusion

Again, Fair Pay for the Home Care is the solution to fixing New York’s home care worker shortage. 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.

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 passing Fair Pay for Home Care. Fair Pay for Home Care would pay home care workers as skilled health care workers by raising the wage to 150% of minimum wage. It would also ban private insurance companies from stealing millions meant for home care.

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 of 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.

