



Testimony
House Committee on Aging
Informational Meeting
Workforce Shortages Facing Home Care in the Commonwealth

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On behalf of the Pennsylvania Homecare Association (PHA), thank you Chairman Day and Chairman Samuelson for convening this committee to talk about workforce shortages in long-term care. As the members of this committee know, PHA is a statewide membership association, with approximately 700 members that provide nursing, therapy, non-medical personal assistance services (PAS), and end-of-life care in hundreds of thousands of individual's homes across the Commonwealth. Our members, like others in healthcare, are facing unprecedented workforce challenges that are negatively impacting access to in-home care across Pennsylvania. These problems existed prior to the COVID-19 public health emergency, but in the last two years, they have gone from bad to worse to overwhelming.

The Direct Care Workforce

Pennsylvania is among the oldest states in the country. Our over-85 population is growing at more than 10 times the general population. By 2030, nearly one quarter of Pennsylvanians will be 65 and older. This will occur at the same time the first wave of baby boomers turns 85. Seniors and others in need of care strongly prefer to receive care in their homes, if at all possible, and COVID-19 has only increased this desire. In fact, a 2021 study by American Advisors Group (AAG) found that more than 90% of seniors preferred remaining in their homes to receive care.

In-home care is not only more desired, it is cost-effective (at half the cost of nursing home care), often produces better health outcomes, and allows seniors and others to age in their communities among family and friends. In recent years, demand for in-home care has increased by more than 25% - an all-time high.

In 2019, the U.S. Department of Labor projected that Pennsylvania would need more than 37,000 more Direct Care Workers (DCWs) to provide personal assistance services by 2026.¹ That number did not include vacancies due to turnover. That projected need has now grown to 45,000 new openings. When you add openings due to turnover (which averages 60+%), PHI has estimated that Pennsylvania will need more than 292,000 home health aides and personal care aides by 2028. Similarly, in an October 2021 healthcare workforce report, Mercer projected that Pennsylvania will experience a shortage of more than 277,000 lower wage health care occupations (medical assistants, home health aides, and nursing assistants) over the next five years.² The only states in the country with higher deficits are California and New York. We are at a crisis point.

¹ See Pennsylvania Long Term Care Council, [Blueprint for Strengthening Pennsylvania's Direct Care Workforce](#) (April 2019)

² Mercer, [2021 External Healthcare Labor Market Analysis](#), (October 2021) 4.

Although there are a number of factors leading to the current crisis (COVID-19, burnout, work/life balance issues, etc.), the overwhelming reason given by home care and home health caregivers for leaving their positions is wages.

Medicaid-enrolled PAS providers are, of course, limited by the Medicaid reimbursement rates in terms of wages paid to caregivers. Unlike private business, these providers cannot pass along cost increases to consumers, and there have been many. Increased costs for PPE, testing, transportation, overtime, insurance, and much more, have really taken their toll on homecare. The average hourly wage of a DCW in Pennsylvania is \$13.40/hour.³ For those providing Medicaid-funded PAS services, it is lower. With private employers offering \$18/hour and more, for far less demanding work, PAS agencies simply cannot compete for or retain qualified caregivers. Neighboring states like Delaware, New Jersey and Ohio also offer significantly higher reimbursement rates than Pennsylvania. In a recent member survey, 98% of PHA member homecare agencies reported turning away cases/referrals, with some declining up to 40% of referrals. Others talk about having to 'ration' care, due to caregiver shortages.

There simply are not enough DCWs to cover currently-authorized hours or the increased demand for in-home care. The stress of choosing one consumer over another has resulted in schedulers/administrative staff leaving agencies at an alarming rate. PAS providers need additional Medicaid funding, and they need it as soon as possible. At a bare minimum, we believe that PAS reimbursement rates must increase by an additional 8%, with the goal of supporting an average \$15/hour wage for DCWs.

Medicaid-funded Nursing

Medicaid also funds home health visits for certain Medicaid-eligible adults and private duty shift nursing. These nurses provide care to seniors and medically fragile children in their homes, keeping them safe and out of hospitals and other facility settings. Home health agencies also face a severe nursing shortage. The last time Fee-For-Service (FFS) Medicaid (MA) reimbursement rates for Home Health Agencies providing skilled services to adults were increased was 2008.

Under the current Medicaid reimbursement rates for these services, providers are unable to offer competitive wages and benefits in order to attract and maintain a sufficient number of nurses. Home health agencies providing Medicaid-paid services are not able to offer sign-on bonuses and loan

³ Bureau of Labor Statistics, [Employment of home health and personal care aides, by state](#) (May 2020).

forgiveness opportunities that some larger health systems can afford. Without proper funding for these programs, we are losing valuable talent to other health care settings, jobs out of the healthcare field, and retirement.

It was incredibly difficult to fill care hours for the skilled care of medically-fragile children and adults in the home setting before the pandemic; it has become nearly impossible since. While we support the funding of workforce initiatives across the healthcare continuum, some funding decisions have created an even larger disadvantage for Medicaid-funded home health providers. Although pediatric shift nursing received a \$5/hour increase as part of last year's budget, they continue to need additional funds to protect and preserve access to care. Not surprisingly, these agencies struggle to find and retain nurses and aides.

When home health nurses are not available, patients who should otherwise be discharged to a home or community-based setting, cannot be discharged. This creates challenges for facilities and healthcare providers across the continuum of care.

There is no doubt that hospitals, skilled nursing facilities, assisted living, and other long-term care options are all important and necessary. If someone can safely receive care in the dignity of their own homes, however, they should be able to do so. We urge you to remember home care in setting funding and other priority initiatives for 2022-23 and into the future. Home is where most people want to remain and receive care. It is also cost-effective, outcome-focused, and what most of us want for our family, friends, and ourselves.

Conclusion

Thank you for your time today and for convening this hearing on the critical issue of health care workforce shortages in long-term care. We look forward to working with you and our long-term care colleagues to support and improve the care that so many Pennsylvanians rely on to live and thrive.

THE PENNSYLVANIA **HEMOCARE** ASSOCIATION

is a statewide membership association representing nearly **700 organizations** that provide care and support to **individuals in their homes**. Members provide non-medical **home care**, **home health**, and **hospice** care to residents in all of Pennsylvania's 67 counties.

INDUSTRY BY SECTOR

HOMECARE PRIMARY PAYERS: PRIVATE PAY, MEDICAID

Homecare agencies provide non-medical services to help individuals with activities of daily living (ADLs), like transferring from a chair or bed, toileting, bathing, and getting dressed.

HOME HEALTH PRIMARY PAYERS: MEDICARE, SOME MEDICAID

Home health provides skilled services, including nursing care and physical, occupational, speech and respiratory therapy. These services are usually short-term, as in the case of a person recovering from surgery or other time-limited health issues.

HOSPICE PRIMARY PAYERS: MEDICARE, SOME MEDICAID

Hospice care brings together medical care, pain management and emotional and spiritual support for terminal patients and their families. Eighty percent of hospice care is provided in the patient's home.

HOME-BASED CARE PA ECONOMIC IMPACT

\$25.6 Billion total economic impact	\$4.5 Billion tax revenue (federal, state & local)	292,577 direct employees
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Tripp Umbach 2020 PHA Economic Impact Study

MORE THAN...

115,000¹

Pennsylvanians receive **home and community-based services** through the **Community HealthChoices Waiver (Medicaid)**.

140,000

Pennsylvanians **pay privately or through insurance** for **homecare services**.

126,000²

Pennsylvanians **receive home health services** each year.

76,000²

Pennsylvanians **receive in-home hospice services** each year.

1. January 2022 OLLI Data Dash | 2. 2021 CMS Medicare Post-Acute Care & Hospice Data Reports

PA ANNUAL COST OF CARE (2021)

IN-HOME CARE

\$59,488¹

Home Health Aide

\$59,488¹

Homemaker Services

NURSING HOME FACILITY

\$124,841²

Semi-Private Room

\$133,882²

Private Room

1 Based on 44 hours per week by 52 weeks; 2 Based on 365 days of care | *2021 GENWORTH COST OF CARE STUDY

2022 LEGISLATIVE PRIORITIES

- Increase state and federal funding to ensure access to quality home-based care so that Pennsylvanians can stay #safeathome.
- Support initiatives and funding to strengthen and support the caregiving workforce, including direct care workers, nurses, therapists, and others.
- Make certain COVID-19 waivers permanent, including the ability of Certified Registered Nurse Practitioners and Physician Assistants to order and recertify home health.
- Implement Physician Order for Life-Sustaining Treatment (POLST) legislation in Pennsylvania.
- Support meaningful updates to the Older Adult Protective Services Act to keep seniors safe and preserve access to quality care.

Learn more at www.pahomecare.org



MEDICAID PERSONAL ASSISTANCE SERVICES

FUNDING SHORTFALLS

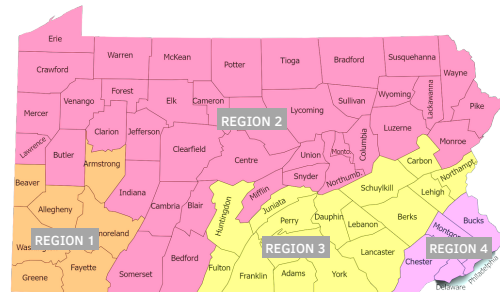
Pennsylvania homecare agencies are in **immediate need** of additional funding. For over a decade, these providers have dealt with **chronic underfunding** caused by **stagnant Medicaid rates** for personal assistance services (PAS). Now, they're facing **increased costs** associated with caregiver wages, overtime, personal protective equipment, and more, as well as **massive workforce shortages**.

PAS FUNDING TIMELINE



2012 FACTS*

- In 2012, the fee-for-service rate for personal assistance services (PAS) was restructured into four regional rates.



- The regional rates were determined based on a 2012 Mercer Report, which was done quickly, relied primarily on OLT staff input, and recommended that the numbers be updated the *following year*.
- No further study has been conducted since 2012.
- As a result of the Mercer Report, some areas of the state saw significant rate reductions, including:
 - Allegheny County rates were reduced from \$21/hour to \$17.16/hour.
 - Montgomery County rates were reduced from \$23/hour to \$19.12/hour.

2022 FACTS**

- Between 2012 – 2022, average inflation in the U.S. was 2.14% per year, resulting in a cumulative price increase (CPI) of **23.57%**. During that time, PAS reimbursement rates were increased by **4%**.
- Prices rose **7.9%** in February 2022 alone, compared to 2021, the largest annualized growth in CPI inflation since January of 1982.
- Although PAS providers received eight (8%) rate increases as part of the American Rescue Plan Act (ARPA) funding in January, this funding only lasts until March 2024, unless extended by the federal or state government.
- More importantly, PAS providers need an additional 8% rate increase now to support an average \$15.00/hour wage and come close to being competitive with private and other healthcare employers.
- PAS providers are facing the perfect storm of increased demand for services, significantly increased costs and expenses, high turnover, chronic underfunding, and difficult work. The time to act is now.



PENNSYLVANIA'S HOME-BASED CARE

WORKFORCE CRISIS

Pennsylvania home-based care providers are experiencing **crisis-level staffing shortages**, leaving vulnerable Pennsylvanians without access to quality in-home care and hospitals and facilities with patients unable to be discharged.

PA HOMECARE SNAPSHOT

62%
average turnover rate

\$13.40¹
average hourly wage
(includes private pay wages)

-277,711
PROJECTED EMPLOYMENT GAP OF LOWER²
WAGE HEALTHCARE WORKERS BY 2026

THIRD WORST IN THE COUNTRY

CAREGIVER JOB OPENINGS BY 2028³

OCCUPATION	GROWTH	% GROWTH	SEPARATIONS	TOTAL OPENINGS
Home Health Aides	13,390	29%	59,610	73,000
Nursing Assistants	8,220	10%	93,680	101,900
Personal Care Aides	31,170	26%	188,230	219,400
Total	52,780	22%	341,520	349,300

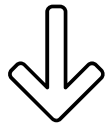
PHA Workforce Survey: Homecare

wages

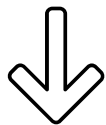
top reason why employees left their caregiving job in the last two years

-25%

average loss of care staff since early 2020



82% of respondents' applicant pools have declined by more than 25%



48% of respondents' applicant pools have declined by more than 50%

HOMECARE PROVIDERS

98%

of survey respondents have declined cases or referrals in the last year due to staffing shortages.

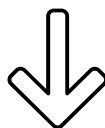
HOME HEALTH PROVIDERS

93%

of survey respondents have declined cases or referrals in the last year due to staffing shortages.

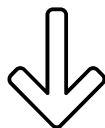
PA HOME HEALTH SNAPSHOT

-20%
average loss of care staff since early 2020



87% of respondents' applicant pools have declined by more than 25%

wages
top reason why employees left their healthcare job in the last two years



47% of respondents' applicant pools have declined by more than 50%

-20,345
PROJECTED EMPLOYMENT GAP OF REGISTERED NURSES BY 2026²

WORST IN THE COUNTRY

PHA Workforce Survey: Home Health

Hear providers' stories first hand at www.pahomecare.org/crisis-in-caregiving



1. BUREAU OF LABOR AND STATISTICS 2. 2021 US HEALTHCARE LABOR MARKET STUDY, MERGER 3. PHA EMPLOYMENT STATISTICS

INCREASE PERSONAL ASSISTANCE SERVICES (PAS) REIMBURSEMENT RATES **BY 8%**

ISSUE BACKGROUND

The last actuarial study on the cost of providing personal assistance services (PAS) in Pennsylvania's Medicaid program was a 2012 Mercer Study. That study was done quickly, relied primarily on OLT staff input, and recommended that the numbers be updated *the following year*. As a result of that study, rates were reduced in some parts of the state by almost \$4.00/hour.

From 2012 until 2022, PAS rates saw only two, 2% increases, meaning that some areas of the state remain well below pre-2012 rates. This is true even with the 1/1/23 addition of American Rescue Plan Act (ARPA) funding.

ADDITIONAL FUNDING IS NEEDED TO ENSURE PROGRAM SUSTAINABILITY.

- Medicaid reimbursement rates must cover all provider expenses (wages, overtime, training, PPE, background checks, health screenings, insurance, taxes, transportation, overhead, etc.), and providers cannot pass costs on to consumers.
- Demand for this in-home care is at an all-time high, increasing more than 25% in recent years, while demand for facility-based care has significantly diminished.
- In a recent PHA survey, 98% of homecare agencies reported turning away cases/referrals, with some reporting up to 40% of cases turned away.
- Current reimbursement rates – and the resulting average wage of **\$13.40** – make it impossible for PAS providers to compete for qualified caregivers.
- Reimbursement rates are not even close to keeping pace with the current cost of care, as costs for PPE, transportation, overtime, and other expenses continue to rise.
- Without a sustainable workforce, more Pennsylvanians will be forced to seek more expensive, less desired, facility-based care.
- To even begin to compete with other healthcare providers and private employers, reimbursement rates must increase at least 8%, with the goal of supporting a \$15.00/hour average wage.
- Homecare keeps people safe in their homes, where they want to be, with better outcomes, at **half the cost** of facility-based care.

CALL TO ACTION

Support an 8% increase to the “Medical Assistance – Community Health Choices” line item to increase funding for personal assistance services. Without it, homecare agencies cannot continue to provide quality care to seniors and individuals with disabilities in their homes.

RATES BY THE NUMBERS

Current FFS Rates in PA (including ARPA funding):

- Region 1 (Allegheny/Southwest): **\$19.32/hour**
- Region 2 (Central/Northwest/Northeast): **\$21.48/hour**
- Region 3 (Southcentral/Lehigh): **\$20.20/hour**
- Region 4 (Philadelphia/surrounding counties): **\$21.52/hour**

Nearby States' Rates:

- Delaware: **\$26.70/hour**
- New Jersey: **\$22/hour**
- Ohio: **\$23.88/hour**
- West Virginia: **\$27/hour**

HOME-BASED CARE WORKFORCE CRISIS

ISSUE BACKGROUND

In 2019, prior to the COVID-19 PHE, The U.S. Department of Labor projected that Pennsylvania would require 37,000 *additional* direct care workers by 2026. This number did not include vacancies due to turnover.

Since then, these numbers have grown significantly, with DOL now projecting a need for 45,000 new home health and personal care aides in the coming years. Adding staffing needs due to turnover, the numbers are staggering, with a combined need of 394,300 openings in *Pennsylvania alone*.

PROJECTED JOB OPENINGS IN PENNSYLVANIA (2018-2028)

OCCUPATION	GROWTH	% GROWTH	SEPARATIONS	TOTAL OPENINGS
Home Health Aides	13,390	29%	59,610	73,000
Nursing Assistants	8,220	10%	93,680	101,900
Personal Care Aides	31,170	26%	188,230	219,400
Total	52,780	22%	341,520	349,300

Paraprofessional Healthcare Institute (PHI)

A 2021 Mercer study forecasts that Pennsylvania will face a shortage of 278,000 low wage healthcare workers (3rd worst in the country) and 20,000 RNs (worst in the country) by 2026.

TO SAY THAT HOME-BASED CARE IS IN CRISIS IS AN UNDERSTATEMENT.

Consumer demand for **in-home care has increased by more than 25%** since 2019, while demand for **facility-based care has decreased by more than 15%**.

As of December 2021, the number of Pennsylvanians receiving Medicaid-paid services in a facility was only a fraction (37%) of those receiving services at home.

- HCBS Enrollment: **115,253**
- Long-Term Care Enrollment: **43,358**

HOME-BASED CARE PROVIDERS NEED HELP.

In a recent survey, **93%** of PHA's **home health members** and **98%** in **homecare** reported **turning away cases/referrals** due to **staffing shortages**. Since 2020, homecare agencies have **lost an average of 25%** of their **caregiving staff**; **home health agencies** have **lost approximately 20%** of their **healthcare staff**. The number one reason why employees have left in the last two years is **wages**.

CALL TO ACTION

Include home-based care agencies in future workforce funding packages. Other providers on the healthcare continuum cannot discharge patients and consumers because we do not have the workforce to care for them. Individuals in need of home-based care to stay out of hospitals and other facilities need qualified caregivers to provide these necessary services. In-home caregivers need your support to relieve the strain on the system and protect and preserve access to quality in-home care.