

## MEMORANDUM

### A.6329 (Gottfried)/ S.5734 (May)

*An act to amend the public health law, the social services law, the state finance law and part H of chapter 59 of the laws of 2011, amending the public health law and other laws relating to known and projected department of health state fund Medicaid expenditures, in relation to fair pay for home care aides*

This bill establishes a base wage rate for home care workers at 150% of the current minimum wage or other set minimum rate, and additional benefit portions of the minimum rate separate from the cash portion; it directs the commissioner of health to set regional minimum rates of reimbursement for home care aides under Medicaid and managed care plans.

While the goal of this legislation is well intended and Leading Age New York supports several aspects of the bill, we must express concern regarding this legislation. New York faces a significant home care worker shortage and we acknowledge that an increase in wages must be part of the solution to this challenge. However, we remain concerned that a wage mandate on home care agencies will threaten the stability of this sector, the agencies that deliver this care, their workers, and the elderly and chronically ill who rely on home care everyday.

Home care agencies have been operating at negative operating margins for the last decade. Medicaid, Medicare and their managed care counterparts continue to erode the financial health of home care providers by providing reimbursement at levels that are a fraction of the cost of the care agencies provide. On top of the lack of reimbursement, providers must comply with significant administrative and regulatory requirements which add to the cost of providing care. Further, costs of recruitment and onboarding of aides will persist as the need for home and community based care grows.

While a revision of the Medicaid reimbursement rate for home care providers is necessary and welcome, the bill still does not address other payors such Medicare, Medicare Advantage, and private payers that pay well below the current cost of care. Addressing the workforce shortage will take movement on several fronts. However, a mandate on provider agencies will put agencies at risk as they struggle to comply with this mandate. They simply do not have the financial resources to deliver this level of compensation.

We urge the state to utilize the Home and Community Based Services enhanced FMAP funding from the federal government to start the build out of a comprehensive plan to address wage enhancement and tackle workforce challenges. Additional measures must include worker supports, mentorships and peer networking to combat work isolation, school to work apprenticeships, and training and onboarding programs. Home care agencies will need permanent support and a commitment to fund wage build out of all payors so that providers are not left struggling to deliver on this challenge alone.

**For these reasons, LeadingAge New York opposes A.6329 (Gottfried)/ S.5734 (May)urges that it be rejected.**

*LeadingAge New York represents over 400 not-for-profit and public long term care providers, including nursing homes, adult care and assisted living facilities, senior housing, adult day care programs, certified home health agencies, and managed long term care plans.*