

## Timely Funding Needed to Support State Home Care Worker Wage Parity Mandate

Effective March 1, 2014, home care agencies and Medicaid managed care plans will be required to significantly increase the compensation paid to home health aides under the State's Home Care Worker Wage Parity law passed in 2011. However, the additional Medicaid funding being proposed by the Executive will be inadequate to meet the actual increased costs.

The law establishes a wage parity minimum rate of total compensation for home care workers who perform Medicaid-reimbursed aide services for Certified Home Health Agencies (CHHAs), Long Term Home Health Care Programs (LTHHCPs) and managed care plans within New York City and a different rate for the surrounding counties of Nassau, Suffolk and Westchester. This mandate also applies to licensed home care services agencies, to the extent they contract with CHHAs, LTHHCPs and managed care plans. In addition to paying a specific base wage, employers are required to offer additional wages and supplemental (benefit) amounts. Overtime is not included in the rates.

New York City's total compensation living wage was set at \$14.09 per hour for home care workers to be paid effective March 1, 2014 through February 28, 2015, an increase of \$3.16 per hour from the 2013-14 level. In Westchester, Nassau and Suffolk Counties, the wage parity level for home care aides was increased to \$10.93 per hour, an hourly increase of \$0.58 from the 2013-14 amount.

The Executive has proposed to make up to \$350 million available to managed care plans and home care agencies to offset the cost of this mandate. While we applaud the Governor for recognizing that this mandate is unaffordable in a climate of shrinking revenues, we estimate the real cost to be nearly \$500 million per year, leaving a roughly \$150 million unfunded gap that neither managed care plans nor home care agencies are in a position to absorb. Furthermore, providers and plans were expected to certify their compliance with this mandate by March 1, 2014 without knowing how much funding would be made available to them or when they would receive it.

The State should ensure that the cost of this mandate is fully funded through Medicaid rate adjustments to home care agencies and Medicaid managed care plans, and that these adjustments are actually provided in time for employers to meet the new requirements. Ideally, the funding should be provided outside of the Medicaid global spending cap given the nature of this State-imposed mandate.

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