PROVIDE SUFFICIENT HOME CARE RATES SO AGENCIES CAN PROVIDE APPROPRIATE WAGES AND SUPPLY A STABLE DIRECT CARE WORKFORCE TO MEET THE GROWING NEEDS OF THE BABY BOOMER GENERATION

ISSUE: The home care industry faces many regulatory and economic pressures, but most agencies cite staffing as their biggest concern, punctuated by crippling turnover rates that hover in the 40% to 60% range. One of the most common reasons workers leave home care agencies is **compensation**. With a thriving economy and rising wages, the competition for workers is intense.

With the recent **minimum wage increase**, home care providers are facing an even more unsustainable challenge. In an industry that relies heavily on government funding and rates that have remained stagnant, it is exceptionally challenging for home care agencies to remain competitive with other industries. Home care agencies will likely continue to lag behind, adding to a workforce shortage that already exists and will only get worse as demand for in-home care skyrockets.

If reimbursement rates don't accurately reflect the actual cost of providing care, home care agencies will be forced to shut their doors entirely. Clients who rely on Medicaid will then be forced, against their preferences and at a higher cost to the state, to move into an institutional setting to receive needed care.

The Governor's current proposed 1.5% rate increase will only restore home care provider rates back to their FY17 rate. This cannot be seen as an "increase" to providers nor will it help providers absorb the cost of the rising minimum wage, increased regulatory burdens and unfunded mandates.

- Example: The current Home and Community Based Provider rate for personal care is $4.53/15 minute unit ($18.12/hour). The proposed 1.5% restore will increase that rate by only 6 cents/15 minute unit or 24 cents/hour ($4.59/unit; $18.36/hour). The recent minimum wage increase on January 1, 2019 was 75 cents per hour (a difference of 51 cents per hour that home care agencies must fund).

Non-Medicaid providers are also impacted by workforce shortages and the rising minimum wage. While they have other avenues to absorb the increase in wages, the services offered by private home care agencies will end up costing more, making it harder for families to be able to afford non-medical in-home care for their disabled or elderly loved ones needing assistance.

The need for qualified, experienced home care caregivers is going to increase as the population ages. It is estimated that by 2050 the proportion of individuals in the U.S. aged 65 and older (15.6 percent) will be more than double the number of children under age 5 (7.2 percent) according to the U.S. Census Bureau. The labor market is projected to add more than 1.2 million home health aide and personal care aide jobs from 2016 to 2026, according to the U.S. Bureau of Labor Statistics. That's good for a 41% growth rate during that timeframe, far more than any other industry or sector.

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According to the 2018 Missouri Chamber of Commerce “*Workforce 2030 – A Call to Action*”, four out of the top five growing occupations from 2006-2016 are related to healthcare/home care.

Percentage change 2006-2016:

1. Personal Care Aides – 123%
3. Registered Nurses – 17%
4. Nursing Assistants – 14%
5. Home Health Aides – 63%

A compelling question is if the health care industry is prepared to meet the demands for qualified health care workers as the population ages, and how to attract more home care workers to provide the skilled care an aging demographic will need.

RECOMMENDATION: The responsibility for adapting to the new policy should not fall entirely on individual home care agencies. The majority of home care services are funded by Medicaid, with the remainder reimbursed by consumers, Medicare (for short-term post-acute care) or, rarely, long-term care insurance. Home care is largely a publicly-funded space, and the state must take the lead in determining how workers can be fully compensated without compromising care for their clients.

RATIONALE: Home care aides are critical to the provision of care to the millions of elders and individuals with disabilities that want to remain in the community. Agencies must be able to provide their workforce with a competitive, living wage to draw new individuals into the field and retain those who hold these important jobs. If states do not raise their reimbursement, agencies bear the cost of the minimum wage increase as their contract requires them to provide the same level of care to the participants. If payment rates are insufficient, agencies may choose to end their contracts with the state.

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