



January 25, 2022

The Honorable Kathy Hochul
Governor of New York State
NY State Capitol Building
Albany, NY 12224

Dear Governor Hochul:

We are a consortium of home and community-based services (HCBS) provider associations and advocates for fair wages for home care workers. We appreciate your recognition expressed in the State of the State and Budget addresses that we must invest in the health care workforce. We agree with and support your Budget commitment to rebuild and grow the healthcare workforce by 20 percent over the next five years with a program designed to strengthen home care.

That said, while your Executive Budget Proposal includes funding for hospital and nursing home worker wage increases, it appears that home care workers – the largest and lowest-paid part of the direct care workforce – were not included. The one-time bonuses for home care workers in your budget alone are inadequate to expand and retain the home care workforce over the next five years. This workforce is critical to caring for the growing number of aging and vulnerable New Yorkers in their homes and communities. To sustainably grow this workforce, we urge you to work with the Legislature to include the **Gottfried/May Fair Pay for Home Care Act (A6329A/S5374A)** as part of the final budget.

New York has two interconnected crises in the home care sector:

- **A major home care workforce shortage.** Home care agencies in our consortium have seen a 30-40% reduction in their home care workforce – a trend that began well before the public health emergency. Simply put, home care workers are going to other sectors to make more money. Every year, NYS employers need to recruit more than *26,000 new home care workers* to keep up with the demand for care, and more than *71,000 additional* home care workers to replace those who leave direct care or exit the labor force entirely.¹
- **A financially unstable home care industry.** As noted above, the minimum wage is no longer adequate to attract and retain home care workers, but New York State has largely pegged Medicaid home care reimbursement to the minimum wage when setting managed long-term care (MLTC) rates, not sufficiently accounting for higher labor and other provider costs. MLTCs then pass along these inadequate rates to licensed home care service agencies (LHCSAs) and fiscal intermediaries (FIs). The result has been major financial losses, substantial workforce shortages, and instability in the home care sector.

Home care worker wages and adequate reimbursement rates for their employers are inextricably linked and inseparable. Insufficient Medicaid funding and lack of clear direction for how funds are to be spent has contributed to instability in the home care sector and major financial losses over the past decade.

Paying home care workers a living wage is also a matter of economic justice.

¹ Jabola-Carolus, Isaac, et al. 2021, *The Case for Public Investment in Higher Pay for New York State Home Care Workers: Estimated Costs and Savings*, https://academicworks.cuny.edu/cgi/viewcontent.cgi?article=1806&context=gc_pubs Accessed March 18, 2021

- The median wage for home care workers in New York State is just under \$15 per hour, nearly half (49%) of this workforce lives in or near poverty, and 57% rely on public assistance to make ends meet.²
- More than 90% of the nearly 500,000 home care workers in NYS are female and 81% are people of color.
- The economic disparities are worse for women of color in the home care workforce, who receive lower median earnings (\$19,100) than white women (\$20,700) or men of any race (\$21,900) and who are most likely to live in or near poverty (52% compared to 39% and 34%, respectively).³

It is also a matter of health justice, as more than 70% of Medicaid home care beneficiaries in New York State are from communities of color. This population is disproportionately harmed by the home care worker shortage.

Fair Pay for Home Care establishes a minimum hourly reimbursement rate for home care providers that would include a sufficient minimum hourly wage to attract and retain home care workers, all costs tied to base wages (e.g. overtime, benefits, payroll taxes), and reasonable administrative/operational costs and investments.

A fair wage increase funded with adequate reimbursement rates is a critical investment to alleviate home care workforce shortages, ensure older New Yorkers and those living with disabilities can live safely in their homes and communities, and lift hundreds of thousands of low-income individuals, primarily women and people of color, out of poverty.

Thank you for your leadership on these issues, and we look forward to working with you and your team to realize these goals.

Sincerely,

New York State Association of Health Care Providers (HCP)
 Consumer Directed Personal Assistance Association of New York State (CDPAANYS)
 New York Caring Majority
 New York Association on Independent Living (NYAIL)
 New York Coalition of Downstate Union Home Care Providers
 Association on Aging in New York
 AARP New York

cc: Jeffery Lewis, Chief of Staff to the Governor
 Karen Persichilli Kehoe, Secretary to the Governor
 Liz Fine, Counsel to the Governor
 Robert Mujica, Director Division of the Budget
 Kathryn Garcia, Director State Operations
 Mary Bassett, MD New York State Commissioner for Health
 Angela Profeta, Deputy Secretary for Health,
 Brett Freidman, Director NYS Office of Health Insurance Programs, NYS DOH
 Adam Herbst, Special Advisor to the Commissioner on Aging and Long-Term Care, NYS DOH
 Hon. Andrea Stewart-Cousins, Senate Majority Leader
 Hon. Carl Heastie, Assembly Speaker
 Hon. Richard Gottfried, Chair, Assembly Committee on Health
 Hon. Rachel May, Chair, Senate Aging Committee
 Hon. Ron Kim, Chair, Assembly Committee on Aging
 Hon. Gustavo Rivera, Chair, Senate Health Committee
 Hon. Liz Krueger, Chair, Senate Finance Committee
 Hon. Helene Weinstein, Chair, Assembly Ways and Means Committee

² PHI. "Workforce Data Center." Accessed 11/19/2021. <https://phinational.org/policy-research/workforce-data-center/>.

³ Ruggles, Steven, Sarah Flood, Sophia Foster, Ronald Goeken, Jose Pacas, Megan Schouweiler, and Matthew Sobek. 2021. *IPUMS USA: Version 11.0*. <https://doi.org/10.18128/D010.V11.0>; Flood, Sarah, Miriam King, Renae Rodgers, Steven Ruggles, and J. Robert Warren. 2021. *Integrated Public Use Microdata Series, Current Population Survey: Version 8.0*. <https://doi.org/10.18128/D030.V8.0>; analysis by PHI (November 2021).