



New York State Joint Legislative Budget Hearing on Health

Tuesday, February 11, 2025

Thank you for the opportunity to provide comments on the Fiscal Year 2026 Executive Budget for New York State. PHI is a New York-based national non-profit organization that works to transform eldercare and disability services by promoting quality direct care jobs as the foundation for quality care. For more than three decades, PHI has been the nation's leading expert on the direct care workforce through our research, policy analysis, and direct consultation with policymakers, payers, providers, and workers—developing a unique 360-degree perspective on the long-term care system and its workforce in our state and across the United States.

In New York State, more than 650,000 direct care workers—including home health aides, personal care aides, and nursing assistants—provide care to older adults and people with disabilities in private homes, residential care communities, nursing homes, and other care settings.¹ These workers assist individuals with daily personal care, help them maintain their optimal health and wellbeing, and support their social engagement. Because they provide more direct, sustained care to clients/residents than any other provider, they also offer vital information and insight to inform care planning and delivery.² Immediate action is needed to support New York's existing direct care workforce and to recruit new job candidates for this sector—which, according to PHI's research, will have over one million total direct care job openings between 2022 and 2032 because of growing demand and worker attrition. These employment projections far outpace those of all other occupations in the state.³

The Executive Budget includes billions in middle class tax cuts, inflation relief, and a tripled child tax credit, signaling the state's strong financial position. These important investments will help many New Yorkers. It is staggering to note, however, that investments in New York's largest and fastest growing workforce were not prioritized as well. As the budget stands, direct care workers go unrecognized, under-compensated, and without adequate improvements in place to ensure sufficient recruitment and retention of this essential workforce.

¹ PHI. "Workforce Data Center." Last modified September 2024. <https://phinational.org/policy-research/workforce-data-center/>.

² PHI. 2024. *Direct Care Workers in the United States: Key Facts*. New York, NY: PHI. <https://www.phinational.org/resource/direct-care-workers-in-the-united-states-key-facts-2024/>.

³ PHI. "Workforce Data Center." Last modified September 2024. <https://phinational.org/policy-research/workforce-data-center/>.

This testimony highlights the importance of investing in the direct care workforce and identifies three key priority areas for action: increasing compensation; investing in training and other workforce interventions; and improving data collection and monitoring. The needs are urgent, and we call upon the New York State Legislature to address this Administration’s oversights.

The Importance of Investing in Direct Care Workers

Investing in direct care jobs—including in wages, benefits, training, career advancement, and other job quality elements—is a critical strategy for stabilizing and strengthening this workforce to meet the ever-growing need for long-term services and supports (LTSS).

In her budget overview, Governor Kathy Hochul highlighted that state spending on Medicaid continues to grow, driven primarily by increased enrollment from New York’s aging population. As the State manages an on-going demographic shift and the subsequent demand for LTSS, stabilizing the direct care workforce through key investments must be viewed as a necessary and strategic component of the State’s overall Medicaid cost-control strategy.

A living wage for direct care workers would lift existing workers out of poverty and financial precarity—while also helping address the structural, intergenerational inequities that impact the majority women and people of color comprising this workforce.⁴ Due to inadequate compensation, more than half (53 percent) of New York’s direct care workers currently access some form of public assistance to survive.⁵ Thus, beyond the immediate impact for workers and their families, investing in a wage increase would also yield a reduction in New York’s public assistance expenditures overall. As an example, a report from the City University of New York (CUNY) projected that raising direct care wages to a living wage would result in public assistance savings of \$496 million and \$645 million, per two wage scenarios.⁶

Higher wages and better employment benefits as well as expanded training and career advancement opportunities as discussed later in this testimony would also make direct care jobs more attractive to new job seekers, which is a critical step toward building the pipeline into these jobs and filling workforce gaps. A more stable and sufficient direct care workforce would also

⁴ Dill, Janette, and Mignon Duffy. 2022. “Structural Racism and Black Women’s Employment in the US Health Care Sector.” *Health Affairs*, 41(22): 265-272; Iezzoni, Lisa I., Naomi Gallopyn, and Kezia Scales. 2019.

“Historical Mismatch Between Home-Based Care Policies and Laws Governing Home Care Workers.” *Health Affairs*, 38(6): 973-980.

⁵ PHI. “Workforce Data Center.” Last modified September 2023. <https://phinational.org/policy-research/workforce-data-center/>

⁶ Jabola-Carolus, Isaac, Stephanie Luce, and Ruth Milkman, 2021. “The Case for Public Investment in Higher Pay for NY State Home Care Workers: Estimated Costs and Savings” CUNY Academic Workers. <https://slu.cuny.edu/wp-content/uploads/2021/03/The-Case-for-Public-Investment-in-Higher-Pay-for-New-York-State-H.pdf>

help overcome service gaps and ensure continuity and quality of care for consumers. This outcome would be invaluable for those who require paid support to live their daily lives with independence, dignity, comfort, and safety—as well as benefit our state’s health and LTSS system overall. For example, the evidence indicates that home care – the largest but lowest-cost segment of the LTSS system helps maintain optimal levels of health and function while preventing or delaying more costly outcomes such as emergency department visits, hospitalizations, and early nursing home admissions.⁷

Family caregivers will also benefit from investments in the direct care workforce, which in turn will benefit our economy overall. Nationally, more than 53 million family members (and neighbors, friends, and other individuals)⁸ contribute an estimated \$600 billion annually in unpaid care.⁹ Among these unpaid caregivers, the majority report having experienced at least one change in their own employment situation due to caregiving responsibilities, such as reducing hours, taking time off, foregoing a promotion, or giving up paid work entirely. Approximately half report negative financial outcomes such as increased debt, loss of savings, late or unpaid bills, and more, even when they are able to access paid family leave benefits. With more paid care available for respite and ongoing assistance, unpaid caregivers could continue to support their loved ones without reducing their own productivity in the labor market.

Finally, investment in the direct care workforce—one of the largest but lowest-paid occupations in New York—could stimulate consumer spending and job growth overall. The SUNY analysis cited above estimated that paying direct care workers at least a living wage would add \$5.4 to \$7 billion to the New York economy per year as these workers spend their additional income on clothing, food, health care, transportation, and other necessities, generating up to 30,000 new jobs in other sectors of local economies.

⁷ Wilson, Michael G. 2018. *Rapid Synthesis: Identifying the Effects of Home Care on Improving Health Outcomes, Client Satisfaction, and Health System Sustainability*. Hamilton, ON: McMaster Health Forum. <https://www.mcmasterforum.org/docs/default-source/product-documents/rapid-responses/identifying-the-effects-of-home-care-on-improving-health-outcomes-client-satisfaction-and-health-system-sustainability.pdf?sfvrsn=2>.

⁸ National Alliance for Caregiving and AARP. 2020. *Caregiving in the US 2020*. <https://www.caregiving.org/wp-content/uploads/2021/01/full-report-caregiving-inthe-united-states-01-21.pdf>.

⁹ Reinhard, Susan, Ari Houser, et al. 2023. *Valuing the Invaluable 2023 Update: Strengthening Supports for Family Caregivers*. Washington, DC: AARP Public Policy Institute. <https://www.aarp.org/pri/topics/ltss/family-caregiving/valuing-the-invaluable-2015-update>

Recommendation: Fund a Living Wage for All Direct Care Workers

To recruit and retain the direct care workforce that is required to provide all New Yorkers with the quality care and support they need, the legislature must take action to ensure that direct care workers receive compensation that includes a living wage and essential benefits, and that supports economic security. Although direct care wages have increased in the last 10 years,¹⁰ the median hourly wage for direct care workers in New York is \$3.23 less per hour than wages for other occupations in the state with similar or lower entry requirements and 36 percent of the workforce lives in or near poverty.¹¹ Low wages also contribute to costly and damaging turnover in this workforce, as direct care workers leave the long-term care field for higher-paying or more stable opportunities. Any wage strategy must also include access to full-time and reliable hours, adequate reimbursements to providers, and state support for recruitment, training, retention, and advancement strategies that work.

The U.S. Department of Health and Human Services final rule on Ensuring Access to Medicaid Services – otherwise known as the Access Rule -- requires states to undertake certain actions relative to direct care worker compensation, reporting and rate setting¹². PHI urges the state to be proactive in meeting their upcoming obligations relative to the Access Rule and to go beyond the scope of the federal law to consider implications across all LTSS and segments of the workforce. The Access Rule includes key accountability measures around home care service expenditures through state reporting requirements and rate setting transparency. In addition, each state will now be required to create a home care rate-setting advisory group to advise and consult on provider payment rates and direct compensation for direct care workers. The 2023 Fair Pay for Home Care Workers legislation called for minimum wage standards, overtime pay requirements and wage parity regulations for home care workers and may serve as a foundation for Access Rule compliance.

¹⁰ PHI. “Workforce Data Center.” Last modified September 2024. <https://phinational.org/policy-research/workforce-data-center/>

¹¹ PHI. “Workforce Data Center.” Last modified September 2024. <https://phinational.org/policy-research/workforce-data-center/>; Analysis by PHI (2023) of U.S. Bureau of Labor Statistics (BLS), Division of Occupational Employment and Wage Statistics (OEWS). May 2022 State Occupational Employment and Wage Estimates. <https://www.bls.gov/oes/home.htm> by O*NET categories: O*NET 27.0 Database. <https://www.onetcenter.org/database.html#all-files>

¹² 42 CFR Parts 431, 438, 441, 447.(2024) <https://public-inspection.federalregister.gov/2024-08363.pdf>

Recommendation: Invest in Universal Core Competencies, Quality Training, and Advancement

All workers deserve quality job training, and direct care workers are no exception. Quality direct care job training standards and programs should ensure that all workers acquire the skills, knowledge, and confidence to succeed in their complex roles. Current training standards do not reflect the skills required to adequately support today's long-term care clients, are siloed across regulatory agencies, and require that direct care workers comply with requirements driven by payment source or waiver rather than by the competencies needed to perform the job. This fractured system impacts the ability of direct care workers to move across settings and serve diverse client populations—and limits the state's ability to cultivate a robust and stable direct care workforce overall.

PHI urges the legislature to invest in a quality state-wide training program for all direct care workers. Such a program, grounded in universal core competencies across settings and populations, would facilitate worker portability, specialization and advanced role preparation. By issuing workers documentation of certification and/or program completion and offering connections to employment opportunities, the program would help to address current workforce shortages plaguing long term care. Training should be competency-based and adult learner-centered, cover a range of relational and technical skills related to quality care, and account for cultural, linguistic, and learning differences.

Recommendation: Improve Direct Care Workforce Data Collection

Insufficient data on the direct care workforce in New York continues to make it difficult to quantify workforce shortages and other challenges, monitor workforce trends over time, design policy and practice interventions, and evaluate their impact. To help address this significant gap, PHI urges the legislature to allocate additional funds to improve the collection, monitoring, and reporting of direct care workforce-related information across all long-term care settings. As a first step, the state should survey all relevant departments and agencies to catalog existing workforce-related data collection mechanisms and to identify gaps and inconsistencies. Going further, the state could fund a survey of direct care workers to gather their firsthand experiences, insights, and recommendations for improving job quality. Clear, comprehensive qualitative and quantitative data would support the workforce investments outlined throughout this testimony. To note, the Access Rule highlighted above will require the State to comply with new data collection and reporting requirements for Medicaid-funded home and community based services. It may provide an opportunity for proactive measures across the LTSS system.

Conclusion

This testimony has focused on the importance of investing in a livable wage, building a competency-based training infrastructure that provides stackable skills and credentials, and improving data collection efforts on behalf of New York's direct care workforce. Additional investments will be necessary to strengthen the direct care workforce, improve LTSS access and quality, and build a more equitable state. Given the Governor's omission of this workforce in her budget, it is imperative that the legislature act through the budget process to make necessary investments in these essential workers.

Current federal policy proposals and executive actions threaten the funding needed to realize the goals of this budget. Specifically, the managed care organization tax is expected to provide up to \$3.7 billion in resources over two years, but continuation of this federal support is not guaranteed. Additionally, federal Medicaid cuts and immigration policy changes would cause devastating harm to New York's LTSS infrastructure. We urge the Governor and legislature to work with the New York Congressional Delegation to fight for federal policies that support a critically needed social safety net program.

PHI stands ready to work with Governor Hochul and the legislature on these efforts. Please contact Amy Robins, Senior Director of Advocacy at arobins@PHInational.org or (718) 928-2041.