

## MEMORANDUM

**To:** Members of the Pennsylvania Senate and House of Representatives

**Date:** May 1, 2024

**Subject:** CMS Final Rule on Medicaid Access Threatens the Longevity of Home-Based Care

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In May 2023, the Centers for Medicare & Medicaid Services (CMS) proposed a rule requiring Home and Community-Based Services (HCBS) agencies to allocate at least 80% of Medicaid payments for direct care worker compensation, known as the 80/20 Rule. Despite concerns from providers and Medicaid agencies about burdensome reporting and lack of flexibility for implementation, CMS finalized the "[Ensuring Access to Medicaid Services](#)" rule with the problematic provisions still in place.

The Pennsylvania Homecare Association (PHA) has significant concerns with the final rule and its impact on the over 700 home-based care providers we represent. The proposed rule introduces a nationwide Medicaid pass-through requirement, mandating that 80% of all HCBS Medicaid payments be directed towards compensating direct care workers (DCWs), with the remaining 20% allocated for other operational expenses. While this rule aims to enhance care quality, it lacks substantiated evidence and threatens access for vulnerable individuals.

PHA strongly opposes the 80/20 provision of this mandate, as it will exacerbate challenges in homecare services rather than improving them. Our industry is already facing underinvestment in critical support services, leading to workforce shortages and a crisis in care quality.

Pennsylvania's Medicaid fee-for-service reimbursement rates for personal assistance services (PAS) are among the lowest regionally with an average regional rate of \$20.63. Before implementing arbitrary standards for direct and indirect costs of administering services, we must evaluate the impact on care access and quality. PHA advocates for higher wages for caregivers but opposes efforts that dictate how employers invest Medicaid funds, hindering innovation and patient outcomes.

While the rule aims to improve access to care and promote health equity, the home care community has significant concerns regarding statutory authority, inequities across states, and the need for actuarial studies coupled with further data to support the 80/20 division. PHA continues to push for better DCW compensation through increased Medicaid reimbursement rates. Additionally, PHA supports elements of the rule that seek to address Medicaid Payment Adequacy and improve access to care and health outcomes for Medicaid beneficiaries.

In conclusion, federal processes like the 80/20 provision that overreach and extend a one size fits all model to state operations risk undermining the long-term sustainability of our healthcare systems and detract from the overarching objective of establishing a system that effectively supports individuals as they age.

Thank you for your attention to this critical matter. We look forward to your continued support in providing a system that offers quality, home-based care for all Pennsylvania residents.