

**Proposed Program Revision Request (PRR)  
Fiscal Year 2025-2026: Medical Assistance Programs PAS Funding Increase  
Proposed By: The Pennsylvania Homecare Association**

**I. Intent and Proposed Program Revision**

The intent of this Program Revision Request (PRR) is to implement a reimbursement rate increase for Home and Community Based Services (HCBS), specifically Personal Assistance Services (PAS – W1793), effective July 1, 2025 within the Department of Human Services Office of Long-Term Living, primarily through the OBRA Waiver, Community HealthChoices Waiver, and the Act150 program. This is necessary to:

1. Strengthen the Direct Care Workforce through improved wages and benefits
2. Improve access to care
3. Improve quality of care
4. Prevent unnecessary and more costly institutional-based care

As enrollment and demand for home and community-based services (HCBS) continue to grow, funding adjustments are essential to sustain these vital programs effectively. Home-based care costs less than half of facility-based care, meaning that an investment in home-based care not only supports individual preferences but also optimizes Medicaid funding. This shift will allow us to deliver quality care more cost-effectively while enhancing the reach of Medicaid support.

Our PRR recognizes the need for a reimbursement rate that makes Pennsylvania competitive in a regional workforce marketplace. With reimbursement rates at their current levels, we continue to lose direct care workers to neighboring states and non-healthcare industries where they can earn significantly more. Our primary concern is access to care for those who need it. The current workforce crisis, driven largely by ongoing, low reimbursement rates, is an obstacle that is within the Commonwealth’s power to remedy.

We appreciate the Commonwealth’s recent efforts with Mercer to perform a rate study for these services, the first in over ten years. The rate study results have not been released<sup>1</sup> and are not expected until late December. For the purpose of a timely PRR, the Pennsylvania Homecare Association (PHA) has averaged the reimbursement rates of the five states (New Jersey, West Virginia, Ohio, Iowa, and North Carolina) currently being considered for that study as a baseline on which to calculate reimbursement needs. However, it is our belief that the study will produce rates that will exceed this level and our PRR request will be revised to adhere to the results of that actuarial study.

We further feel that the average rate of contiguous states is an important indicator of competitive ability. Thus, you will see in our proposal a multi-year approach to address the workforce crisis for Personal Assistance Services. Year 1 achieves alignment with the results of the Mercer rate study (currently set to average the 5 states in the study) and Years 2 and 3 build a pathway to a rate that is competitive with contiguous states, as well as acknowledging that the cost of care is not stagnant.

<u>Timeframe</u>	<u>Proposed Need</u>	<u>Avg Reimbursement Rate</u>	<u>Goal/Alignment</u>
Current Rate	-	\$20.63	
FY 25/26	<b>22% increase</b>	\$25.17	Mercer rate study results <sup>1</sup>
FY 26/27	<b>7% increase</b>	\$26.93	
FY 27/28	<b>7% increase</b>	\$28.82	Average of contiguous states

<sup>1</sup> Due to the Mercer rate study having not yet been released, we reserve the right to revisit our increase request pending study results as the state should seek to follow study guidance.

## II. Why Care at Home?

Personal Assistance Services are essential to Pennsylvanians and the Medicaid program for many reasons:

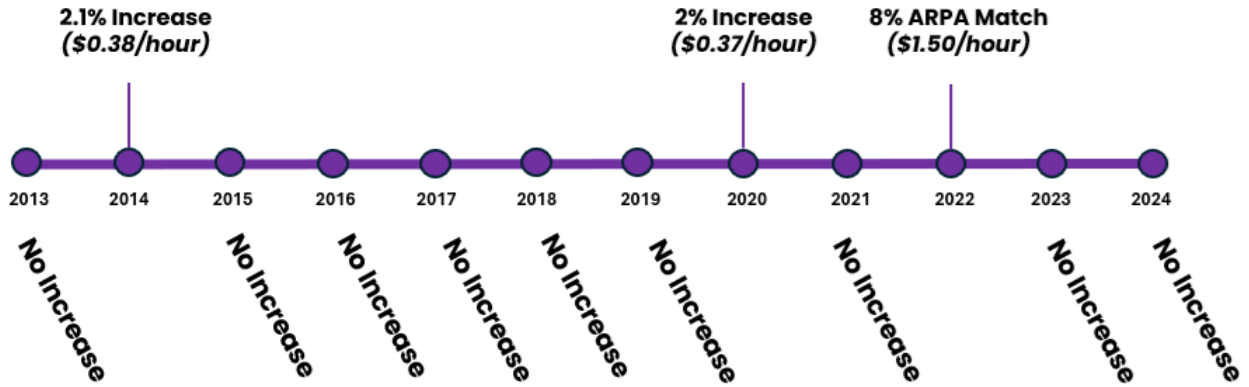
1. **Workforce Stabilization:** Wage Competitiveness (shortfall between average hourly rate paid for home care versus other comparable jobs) in Pennsylvania fell to -\$3.36 in 2023 for Direct Care Workers, among the worst in the country. The industry turnover rate of 79% directly indicates the need for increased pay rates to stabilize churn and improve continuity of care for patients. Loss of staff to other industries has become an unfortunate reality.
2. **Protecting Access to Care:** Failure to protect the workforce will result in movement of workers to non-competing industries, such as retail and food industries, leaving many Pennsylvanians vulnerable and without care. In the past year more than 112,500 visits every month were deemed “missed shifts”, with the majority of those due to lack of staff.
3. **Home Care Jobs Support Local Economies:** The home health care industry is a significant employer in Pennsylvania, supporting 260,000+ active jobs with more than 376,000 job positions posted annually. This workforce supports local economies, especially in rural and underserved areas where access to other health services may be limited.
4. **Growing Demand:** Pennsylvania has one of the largest elderly populations in the country with 1 in 3 Pennsylvanians expected to be over the age of 65 by 2030 – a population of more than 4.3 million.
5. **Cost-Effective Care:** To qualify for HCBS services, an individual must be nursing facility- eligible, meaning that they would be at a nursing facility cost of care without these services. In a cost comparison study conducted by Genworth, in-home care costs an average of \$4,957/month compared to nursing home care in a semi-private room at a rate of \$10,403/month.<sup>2</sup> Additionally, through early intervention and close monitoring of patients, HCBS prevent costly hospital readmissions, exacerbation of illnesses, and complications, all of which are expensive to Medicaid. By rebalancing dollars from facility-based care to home-based services, the state can control healthcare spending while still ensuring quality care.
6. **Preferred Setting:** Home based care is the preferred setting, promoting greater independence and emotional well-being while reducing the stress and risks associated with institutional care.
7. **Improved Patient Outcomes:** Studies have shown that patients who receive care at home experience better health outcomes and higher satisfaction levels through personalized care plans and supervision of activities of daily living.
8. **Supports Non-Funded Holistic System of Care:** Home health care services enable families and caregivers to stay actively involved in the care of their loved ones. This community-based approach fosters a holistic system of care that benefits both the patient and the state by reinforcing strong support systems without overburdening institutional resources.

By investing in home care through Medicaid, Pennsylvania ensures that its most vulnerable populations receive compassionate, high-quality care in the most appropriate setting, all while managing the long-term sustainability of its healthcare budget.

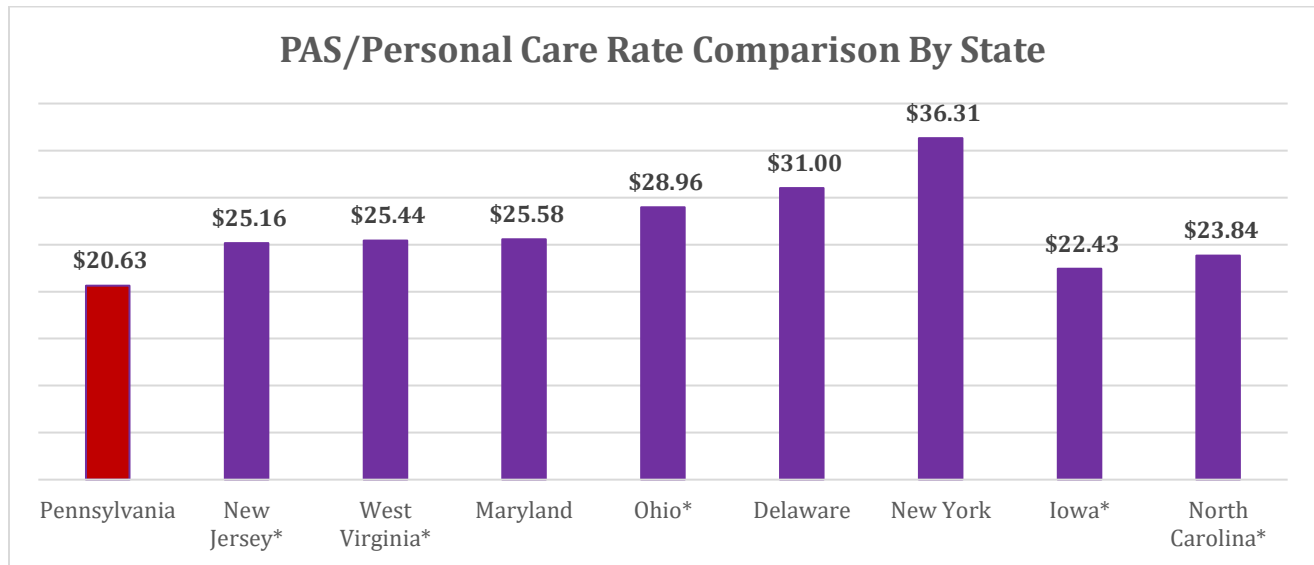
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<sup>2</sup> Genworth Cost of Care, Pennsylvania

### III. Personal Assistance Services (PAS) Funding Background and Analytics



In the last decade, Medicaid has failed to recognize the essential and cost-effective care provided through Home and Community Based Services. The above timeline of Personal Assistance Services (PAS) demonstrates the lack of support this essential workforce has received. **According to the Bureau of Labor and Statistics, PA home care employers have increased wages \$3.63/hour with only a \$2.25/hour increase in reimbursement since 2013.** Cumulative inflation during this time was 32.23%, with additional costs arising from the Affordable Care Act health care requirements for minimum essential coverage, COVID expenses including PPE and staff isolation costs, and additional background check and compliance requirements.



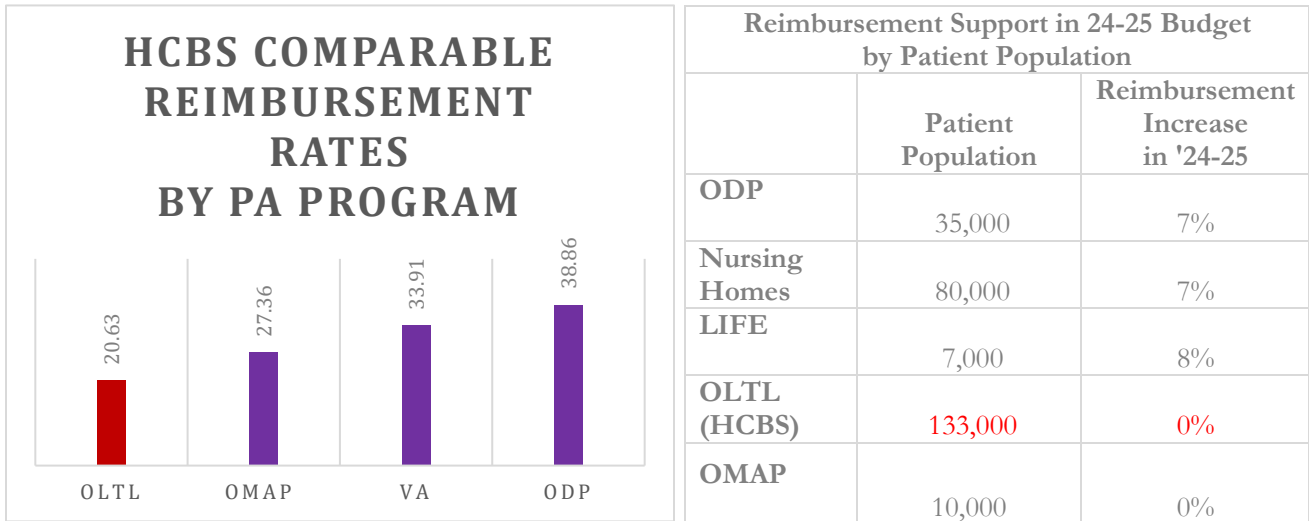
*An \* indicates a state currently under consideration in the ongoing OLTL Rate Study.*

To further exacerbate the workforce crisis, Pennsylvania has lagged behind contiguous and comparable states in raising reimbursement to keep pace with changing competitive landscapes in a post-COVID workforce environment. **With turnover of 79% in the industry, continuity of care for patients is severely undermined. As depicted above, Pennsylvania is the lowest of all contiguous states and of all states currently under consideration in the ongoing Office of Long-Term Living rate study.** The average rate of contiguous states is \$28.74, with the average rate of states in the rate study at \$25.17. This paints a picture of severe underfunding in Pennsylvania’s \$20.63 reimbursement rate.

Without the necessary funding, home-based care providers cannot compete in the Pennsylvania workforce marketplace – we are losing staff to non-competing industries such as retail, transportation, and food service.

Further, we are now seeing staff cross the border to neighboring states to receive livable wages for the exact same work. Consider the below non-health care competing job pay rates according to US Bureau of Labor and Statistics):

- Fast Food Counter Worker: \$13.86
  - Sheetz PA Retail Associate: \$15.07
- Waiter/ Waitress: \$14.28
- Maids/ Housekeepers: \$14.78
- Stockers and Order Fillers: \$17.16
  - Amazon PA Warehouse Non-Holiday: \$16.77



We also are experiencing problematic deltas in reimbursement between programs within our own state borders. The above graphic shows that OMAP, ODP and the VA are all acknowledging the value and cost to deliver quality home and community-based services, leaving the Office of Long-Term Living lagging behind by an average of \$12.74/hour.

In the 2024-2025 budget, we saw reimbursement support for comparable programs and institutional care. However, Pennsylvania left out the program with the largest patient population, delaying action while furthering the workforce crisis and jeopardizing the safety and security of our older adults and individuals with physical disabilities.

To better personalize what is meant here— Imagine being 85 years old, knowing and feeling safe with your daily caregiver. One day, a new caregiver you have never met shows up to bathe you. Why suddenly a new face? Because the caregiver on whom you depend finds it no longer possible to support their family at the current pay rate. Or, and potentially worse, there is no new face because of the industry-wide workforce crisis, and you are forced to leave your home and community for less desirable institutional care that has diminished health outcomes and significantly increased Medicaid costs.

**IV. Cost Breakdown to Support Proposed Increase:**

Hourly Personal Assistance Rate Comparison with Proposed Increase:

	<b>Current</b>	<b>Proposed Year 1 FY 2025-2026 22%</b>	<b>Proposed Year 2 FY 2026-2027 7%</b>	<b>Proposed Year 3 FY 2027-2028 7%</b>
<b>Region 1 (Pittsburgh Area)</b>	\$19.32	\$23.57	\$25.22	\$26.98
<b>Region 2 (Rest of State)</b>	\$21.48	\$26.20	\$28.04	\$30.00
<b>Region 3 (Lehigh Capital)</b>	\$20.20	\$24.64	\$26.37	\$28.21
<b>Region 4 (Philadelphia Area)</b>	\$21.52	\$26.25	\$28.09	\$30.06
<b>State Average</b>	<i>\$20.63</i>	<i>\$25.17</i>	<i>\$26.93</i>	<i>\$28.82</i>

Program Cost Estimates

	Current Avg. Rate	Year 1 % Increase	Year 1 Avg Rate w/ Increase	State Cost per 1% Increase	State Portion of Increase
Personal Assistance Services	\$20.63	22%	\$25.17	\$25 M	\$550 M

**V. Conclusion**

Increasing funding for Home and Community Based Services (HCBS) is not just an investment in the workforce—it is a crucial step in ensuring that Pennsylvania's elderly and disabled populations receive the care they deserve in their preferred setting. As the demand for these services grows, failure to act will lead to a deeper workforce crisis, reduced access to care, and higher costs to Medicaid through unnecessary institutionalization.

By adjusting reimbursement rates to reflect the true cost of delivering care, Pennsylvania can stabilize the workforce, protect vulnerable populations, and provide cost-effective, high-quality care that promotes better health outcomes and supports local economies. The proposed increase for Personal Assistance Services (PAS) will have a profound impact on both the care recipients and the sustainability of the state's healthcare system, ensuring a future where compassionate care is available to all who need it.