



Testimony on:

Home Care, Home Health, and Hospice in Pennsylvania

House of Representatives

Aging and Older Adult Services Committee

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Presented by:

Mia Haney

CEO, Pennsylvania Homecare Association

Executive Director of the Pennsylvania Association of HCBS Providers

Laura Ness

Deputy Executive Director— Administration, Advocacy and Political Engagement

Bayada Hearts for Home Care

President of the BOD of the Pennsylvania Homecare Association

Contact Information:

Pennsylvania Homecare Association

Mia Haney, CEO

MHaney@pahomecare.org

Cody Jones, Sr. Director of Government Affairs

CJones@pahomecare.org

Good morning, Chairwoman Madden, Chairman Mentzer, and members of the committee. My name is Mia Haney, and I am the CEO of the Pennsylvania Homecare Association (PHA) and Executive Director of the Pennsylvania Association of HCBS Providers. Testifying with me today is Laura Ness, who is both the Deputy Executive Director, Administration, Advocacy, and Political Engagement at Bayada Hearts for Home Care, but also, more importantly, the President of the Board of Directors for the Pennsylvania Homecare Association. We are honored to be here today to speak on behalf of our members and provide insight into the vital role that home care plays in the lives of Pennsylvania's aging population, individuals with disabilities, and those who require long-term care services.

The Pennsylvania Homecare Association (PHA)

The Pennsylvania Homecare Association (PHA) is a nonprofit trade organization representing more than 700 home care, home health and hospice agencies across the Commonwealth. These agencies serve hundreds of thousands of Pennsylvanians each year, providing essential care across all 67 counties of the state. PHA's mission is to promote the value of home care, enhance the quality of services, and advocate for policies that ensure that home care remains a viable and sustainable option for all individuals in need of long-term care.

As the leading voice for home care providers in Pennsylvania, PHA works diligently to advocate for funding, regulatory policies, and legislation that support the direct care workforces and the home care services they provide, while ensuring that our members have the resources and tools necessary to provide high-quality care to their participants.

What is Home Care?

Home care, at its core, is about providing compassionate, professional support to individuals in the comfort and familiarity of their own homes and communities. It encompasses a wide range of services, from assistance with daily activities, such as bathing, dressing, and eating, to skilled medical care, such as nursing, physical therapy, and medication management. Home care empowers individuals to remain as independent as possible while receiving the care they need in a setting that promotes dignity, well-being, and improved health outcomes.

Importantly, home care is a person-centered service. This means that care plans are developed based on the unique needs of each individual, with the goal of supporting their independence, enhancing their quality of life, and preventing unnecessary costly hospitalizations or institutionalization. This requires a relationship between caregiver and participant that you may not see in a hospital or institutional setting, often one that develops over many years of an individual receiving care from one particular caregiver.

What PHA's Members Do

The members of the Pennsylvania Homecare Association are the backbone of our home care industry. These organizations employ tens of thousands of professionals, including nurses, home health aides, therapists and support staff, all of whom work tirelessly to provide essential care to vulnerable individuals. Their services range from short-term support for those recovering from illness or surgery to long-term care for individuals with chronic conditions or disabilities. The providers we represent are both large organizations and small mom and pops. Across the state of Pennsylvania, our industry has more than 5000 brick and mortar locations licensed by the Department of the Health in virtually every county. Our services thrive and drive jobs and quality of living in small rural towns and big urban cities.

PHA members ensure that individuals receive care tailored to their needs, often in partnership with physicians, hospitals, and other healthcare providers. They are dedicated to enhancing quality of life by promoting independence and dignity, while also reducing the burden on family members, who often struggle to balance caregiving with other responsibilities.

Lines of Service within the Home Care Industry

Home care is a diverse industry with several lines of service, all of which are integral to maintaining the health and well-being of our communities:

- 1. Personal Care:** Personal care services include non-medical assistance with daily living activities, such as bathing, dressing, meal preparation, and assistance with mobility. These services are critical for individuals who require support to remain in their homes and live independently. They can be paid for privately or can be paid through Medicaid Home and Community Based Services (HCBS) funding in the Department of Human Services. For the Office of Long-Term Living programs, personal care services are referred to as Personal Assistance Services. Medicare and 3rd party insurance typically do NOT cover these services. Smaller funding streams include the PA lottery Options program, managed by the Area Agencies on Aging, for individuals just above Medicaid financial eligibility criteria. Additionally our association manages a non-profit charitable Foundation that donates a one time financial amount to cover 50 hours of care to patients in need.
- 2. Private Duty/Shift Nursing:** Private Duty/Shift Nursing focuses on providing specialized care to children and adults with complex medical needs, allowing them to remain at home with their families rather than in a hospital or care facility. Similar to personal care, these services are primarily paid for via Medicaid funding.
- 3. Home Health Care:** This line includes skilled nursing services, physical, occupational, and speech therapies, as well as home health aide services. These providers offer medically necessary care and services to individuals recovering from surgery, managing chronic conditions, or needing ongoing medical assistance. Home Health can be paid for privately, via Medicare, Medicaid, and most third-party insurances.
- 4. Hospice Care:** Hospice providers offer end-of-life care, focusing on providing comfort and dignity to individuals with terminal illnesses. The goal is to manage pain and symptoms and offer emotional and spiritual support to both patients and their families. Hospice can be paid for privately, via Medicare, Medicaid, and most third-party insurances.

Why care at home?

Personal Assistance Services through the Office of Long-Term Living (OLTL), and Shift Nursing through the Office of Medical Assistance Programs (OMAP) and OLTL, are essential to Pennsylvanians and the Medicaid program because they keep people out of facilities and prevent more costly care. Additionally, these programs offer:

- 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 adequately fund these programs and, by extension, this workforce will result in movement of workers to non-competing industries, such as retail and food industries. The net result of this is 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. 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, in conjunction with community, religious and other partners, can control healthcare spending while still ensuring quality care.
- 6. Preferred Setting:** Home-based care is the preferred setting for many individuals and families, 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.

Medicaid Reimbursement for Personal Assistance Services

Personal Assistance Services, which are primarily non-medical in nature, represent a significant portion of the home care services delivered to Medicaid recipients. These services enable individuals to live independently in their homes and communities, reducing the need for costly institutional care.

Medicaid, as many of you are aware, is the primary payer for these services, but it is also important to understand how these rates are structured. The Medicaid reimbursement rate for Personal Assistance

Services is set by the state, and it covers a wide range of costs for agencies. Unfortunately, the current rate of \$20.63 is often insufficient to cover the true cost of providing care or to ensure a workforce necessary to provide the needed scope of care.

It is important to note that the Medicaid rate is meant to cover the cost of many necessary operations for a home care agency:

- **Direct care worker wages and benefits:** This is the largest portion of the reimbursement rate, but it's still often not enough to retain high-quality workers. In fact, many home care workers, particularly home health aides, are paid \$13.35/hour, despite the critical nature of their work.
- **Training and certification costs:** Direct care workers need ongoing training to stay compliant with state and federal regulations, and the agencies incur significant costs to ensure that their workforce is well-trained and qualified.
- **Compliance, quality and administrative overhead:** Medicaid billing, compliance with state and federal regulations, insurance, and quality assurance programs all require resources. These administrative costs are necessary to ensure that agencies provide safe, legal, and high-quality care, but they further reduce the amount of funds available to directly compensate workers.

Because of the inadequacy of Medicaid reimbursement rates, most home care agencies are forced to supplement their Medicaid-funded services through other means, including diversification into Medicaid funding that reimburses at higher rates (including the DHS Office of Development Programs), private pay services or grants, to ensure they can continue operating and paying their workforce. The current reliance on private pay services creates a difficult operating environment at best and contributes to the missed hours and inadequate service delivery options for participants under Community HealthChoices at worst.

Workforce Shortages Challenge Access to Care

Staffing shortages have exacerbated challenges for home care providers. The Bureau of Labor Statistics reports the average wage for PA direct care workers to be \$13.35, creating a struggle to compete with other industries who hire the same workforce, but for starting rates of \$16 – 18/hour, such as uber drivers, gas stations, warehouse workers, retail stores, and more. With fewer individuals opting for caregiving roles, providers are forced to choose who should get care because there simply are not enough staff to cover current needs for all. This creates quality and safety concerns for clients and jeopardizes the program's sustainability.

Our aging population, in general, wants to age in place and preferably avoid facility settings when possible, which means in-home caregivers are in high demand and growing, so our ability to pay competitive wages must be a critical priority for Pennsylvania. This becomes even more urgent when considering that neighboring states have reimbursement rates through Medicaid that are more than \$4.50 than Pennsylvania. We cannot blame workers who cross the border for the same work at higher pay. We must enact policy that helps keep jobs in Pennsylvania and supports our most vulnerable populations and their workforce.

Pennsylvania's Community HealthChoices (CHC) Program

Critical to any discussion about home care in the commonwealth is Pennsylvania's *Community HealthChoices* (CHC) program, which plays a significant role in how home care, home health, and hospice services are delivered in the state. CHC is Pennsylvania's Medicaid managed care program for individuals who are 21 years of age or older and are eligible for both Medicaid and Medicare. The program was designed to provide integrated and coordinated care to seniors and adults with physical disabilities.

The CHC program helps manage long-term services and supports home and community-based services (HCBS). It aims to enable individuals to receive services in their homes or other community settings rather than in institutional facilities, which is both a more preferred and cost-effective option. Through CHC, the state has shifted to a managed care approach to delivering services, with the goal of improving health outcomes, enhancing the quality of care, and promoting greater access to home and community-based services while enhancing cost predictability for state funding.

For home care providers, CHC has been an important step in ensuring that individuals receive care in the most appropriate setting, but it has also introduced new challenges. One key issue is the complexity of the program itself. With multiple managed care organizations (MCOs) operating the program, there are varying levels of service delivery, reimbursement structures, and approval processes, which creates confusion for both providers and consumers. Managed Care Organizations have differing policies, procedures and priorities which leaves providers' priorities and concerns lost in the shuffle.

Additionally, the reimbursement rates from MCOs are most often tied to the current OLTL fee schedule rates, which are set as a floor for rate setting for Personal Assistance Services. Only a handful of organizations of scale successfully negotiate rates above the floor, leaving the majority of providers unable to provide for the workforce adequately.

However, it is also worth noting that CHC offers opportunities to improve care coordination and made Pennsylvania a national leader when the managed care approach was adopted. When administered correctly, this program can result in better outcomes for patients, particularly those with complex needs.

Overall, while the CHC program has provided an important structure for managing home and community-based services, it is still evolving, and there is work to be done to ensure that it functions effectively for both providers and recipients, and it is both funded and administered in a way that ensure the programs longevity.

Closing

In conclusion, home care is an essential and growing part of Pennsylvania's healthcare system. The services provided by our members not only help individuals maintain their independence and stay at home longer, but they also reduce healthcare costs by preventing unnecessary hospitalizations and institutionalizations. The Pennsylvania Homecare Association is proud to support the many agencies that provide these services, and we are committed to ensuring that the home care industry can continue to thrive and meet the needs of our aging population.

As we move forward, it is crucial that we address the challenges faced by home care providers, especially with regard to Medicaid reimbursement, workforce retention, and ensuring that the regulatory environment supports the delivery of high-quality care. We urge the committee to continue prioritizing home and

community-based services in your discussions and to advocate for policies that strengthen and support this vital sector.

Thank you for your time, and I look forward to working with you to ensure that Pennsylvania's home care industry continues to provide compassionate, high-quality care to those who need it most.