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House of Representatives
COMMONWEALTH OF PENNSYLVANIA
HARRISBURG

# HOUSE DEMOCRATIC POLICY COMMITTEE HEARING

## Topic: Home Care Industry

## Schoolhouse Senior Center – Folsom, PA

## May 30, 2017

## AGENDA

2:00 p.m. Welcome and Opening Remarks

2:10 p.m. Panel One:
- Gary Watkins, Consumer
- Milan Green, Consumer
- Andrea Harrington, Home Care Worker
- Ray Landis, Advocacy Manager, AARP Pennsylvania

2:50 p.m. Panel Two:
- Vicki Hoak, CEO, PA Home Care Association
- Maria Dunlevy, Founder/Business Manager, Victorias' Home Care
- Tom Carroll, Board Member, Schoolhouse Senior Center

3:20 p.m. Panel Three:
- Jen Burnett, Deputy Secretary for Office of Long-Term Living, Pennsylvania Department of Human Services
- Kevin Hancock, Chief of Staff for Office of Long-Term Living, Pennsylvania Department of Human Services
- Barbara Nicolardi, Planner, Delaware County Office of Services for the Aging

3:50 p.m. Closing Remarks

## Gary Watkins' Testimony for 5/30/17 House Democratic Policy Committee Hearing

I had just come home from a business trip to Germany, it was Friday October 10, 2014, I didn't have a key to the house with me, so I thought that I would give my Mother a call while I waited for my wife to get home. I told her that I was tired so I would come over to see her on Saturday morning. That would be the last "normal" conversation that I would have with my Mother, as when I went to see her the next morning, I found her in bed unresponsive. She had a stroke during the night.

That weekend was very hectic, determining my Mother's condition, prognosis and next steps. She was discharged the following week and moved to a rehab facility, at this point, we didn't know if she would be able to come home or would have to go into a nursing home. I promised my Mother that I would do everything I could to bring her back home, but she would have to do her work in rehab to regain as much mobility as possible. While my Mother did her work, my Sister and I began to look at her insurance coverage and investigate what other assistance was available to her.

Having an adult son with autism and having cared for my Mother-in-Law in our home for many years until her death, I've had exposure to the Medicare/Social Services programs and processes. We also spoke with 2 Elder Attorneys and contracted an organization to assist us with an application for Veteran's Benefits. An elder attorney firm cost $650 for an hour consulting meeting, at the end of the meeting, they told us they couldn't help us. This decision was based on the services they offer and her lack of financial resources. However, we did obtain some valuable knowledge in elder law. At this time, my Mother's resources were her home (estimated @ $200,000, a car (10 years-old), a pension (which included an upgrade to her insurance plan (Medicare Part B)), Medicare and Social Security benefits. She had about $70,000 total in her Checking/Savings and Money Market Account with no debt.

The other attorney (private practice), we went to for clarification of information and questions from the first session. One of his recommendations was not try to maintain the home and begin to look for a nursing facility for my Mother. We did have a few issues maintaining the home, basement water being the worst, if my Mother wasn't so attached to her home I would have looked for an alternative. He felt bad for our situation and declined his fee.

The organization for the Veteran's Benefits cost us $2,200, their contract rules are very stringent, some of it is due to the Veteran's Application process. They wanted us to maneuver my Mother's money into other financial options. As my Mother needed her money available to pay for her care, we decided to not proceed with the application. We were hoping for an $1,100 to $1,300 monthly benefit. We later found out, if we would have received this benefit it would have counted as income, more on this when we submitted the forms through COSA.

My Mother came home the first week of November, in our search for in-home care, we were fortunate to find a private source for $15/hr, commercial organizations charge between $25/hr to $30/hr. The first few months, there were nurses and therapists for various disciplines. We purchased either privately or through Insurance: a lift chair/recliner, walker, cane, bedrails, hospital bed, handicapped toilet and home health supplies. My sister and I split spending nights for 6 months, with daylight hours being covered by in-home care, we were paid $10/hr for our time/support. In the first 6 months, we were spending about $8,000. At the beginning of April, 2015, my Mother was sleeping through the night, so my sister and I were able stop spending nights. This lowered our cost to about $4,500/month.

In December, 2014, we were assigned a representative from COSA who assisted us with filling out the required forms for funding. There are the Option and Waiver Programs, due to her financial resources, my Mother qualified for the Options Program. She was to receive about 35 hours of in-home care a month, this would only cover 3 days of her services. It didn't hurt as much when she was placed on a waiting list, a year later she was still on the waiting list.

As my Mother's financial situation deteriorated and home repairs mounted, we sold her car. When her assets went below $8,000, we applied for the Waiver Program. Her application was denied; her income was stated to be $12.38 over the allowable limit. At the time of submission, we thought that my Mother would be approved as her monthly income was within the allowable limits listed. To better provide for my Mother, my Father had purchased a Medicare Part B upgrade to their health insurance. This was now viewed as income and it was putting her over the income limit by $12.38. I tried to lower her income but nothing making up her pension payment could be released/declined/discontinued. We were forced to obtain a Home Equity Loan (HEL) to pay for in-home care.

After being declined for the Waiver Program and still being on the waiting list for the Options Program, we were made aware of the Family Caregiver Support Program. Since we were not getting anything being on the Options Program Waiting List, we decided to move to this program. There was no waiting list and the criteria for participation is different. Within days we started receiving $450/month to reimburse for in-home care, this only covered about 10% of her needs, but it was better than nothing.

In November, 2015, I first contacted Representative Leanne Krueger-Braneky's Office. Leanne and her staff have provided me with support, encouragement, hope and have been a tireless champion for my Mother and the elder community. Rep. Leanne and her staff are why I am here today.

With my Mother's funds dwindling, we were soon to face the day when my Mother would no longer have the financial ability to maintain her home and in-home care. Either one of the family would have to take her in or move her to a nursing home. If we moved her to a home, from our research and on-site visits, it would take about $12k/month to provide for my Mother what we were doing in her home for 4.5k/month. Instead of having her in the place that she so desperately wanted to stay in, we would move her to a place she didn't want to be in at almost 3 times the cost. It just didn't make sense! There was an unsuccessful attempt by the PA Health Law Project to get the PA Dept of Human Services to disregard the Medicare Part B premium in determining financial eligibility for the Aging Waiver. That was our last hope, we now had to begin the dreaded task of selling my Mother's Home of 60 years and find a place for her. After exploring several options, my Sister purchased a home in Nottingham, Pa and built quarters in the basement for my Mother. My Mother moved into her new home in December, 2016. I then prepared her home for sale and sold it March 31, 2017. Lois is happy in her new home, her preference would be to still be in her home in Aston, Pa., but compared to a nursing home this option works as well as could be expected. We sold her home with $1,200 left in her bank account.

Since my Mother is now living in my Sister's home, income from all residents of the home are taken into consideration for funding. My Mother is back in the Options Program in Chester County now; she is receiving 35 hours of in-home support per month. My Sister moved to Nottingham because it is close to a nursing home that we liked from our visits. If her condition were to worsen, she would be close by instead of 50 minutes away.

I understand the need for tight rules and regulations due to budgets, fraud, legal, etc. But just looking at my Mother's situation; I feel, there should be some flexibility due to a business case and additional support for in-home caregivers. Shouldn't the law encourage:

- Caregiving in the elderly's home if that is where they want to be and are able to stay
    - Caregiving of a family member or friend in the caregiver's home
- Financial planning and investing in larger pensions and health care options for retirement

I don't think that my Mother's situation is an isolated one and I hope that you can help the elderly and their caregivers with better options and support in the future.

**Milan Green's Testimony for 5/30/17 House Democratic Policy Committee Hearing**

Hi my name is Milan Green and I am a home care consumer.

My grandmother and my uncle provide assistance for me to help with things I couldn't do on my own.

In a normal day, they'll help with things like laundry, cooking, doing the dishes, picking up medication, grocery shopping, stuff around the house, and generally thing that I need help with. For example, sometimes when I get home from dialysis I'm so tired that I need help with preparing my bed for me to lay in or to cook something for me to eat, because I dont' have the energy to do it myself.

Other times, I get bad pains in my leg, and I'll need help getting around - getting into bed, or getting down the stairs. Sometimes my blood sugar drops so bad, I need help just to get something to eat. With nobody there, I'd just be on the floor dying.

Without the help of my attendants, I wouldn't be able to do anything. Everything would be messy, and it would be unhealthy for me. I'd have nothing to eat, and I'm a diabetic - I need to eat. If I were too tired to cook when I get back from dialysis, and I had nobody there to help me, what would I do?

Home care is not just about performing a list of tasks either, whether attendants are actually your family or not, they become like family. They're a mentor. My attendants have helped me in so many ways. Without them you're alone.

It's really important to have home health care. Not just for me but for others as well, there's people in wheelchairs or elderly people who can't do anything for themselves, but they'd still rather be at home rather than in a nursing home. They deserve to live with dignity and independence in their own homes.

There are people in nursing homes right now who would rather be in their own homes, because we aren't funding home care enough.

Additionally, just having a home care worker isn't enough, you have to have enough too. Without sufficient hours, people can be left in need in the times when they have no caregiver.

We also need more home care workers that are able to care for us, because you'll have someone who's taking care of you but has no time to care for themselves. If they go on vacation, or get another job when you're in the hospital, get sick, or anything comes up, you've got no back up.

Thank you for taking the time to hear from home care consumers like myself.

**Andrea Harrington's Testimony for 5/30/17 House Democratic Policy Committee Hearing**

My name's Andrea Harrington, and I'm a home care worker and I'm also a minister.

I make about $10 an hour, and on a typical week my check is $475 tops for over 50 hours of work between my two consumers -- a couple days with one who's a quadriplegic and the rest with my granddaughter.

I'm 50 years old, work hard, provide a critical services to my consumers, work 50, sometimes 60 hours a week, and I struggle to make ends meet. I struggle to pay my bills.

I get paid weekly, and when I get $475 in a week, well that's only half my mortgage payment. So two weeks of my pay goes right to my mortgage. That leaves me with $950 for every thing else.

So I gotta pay sewage, water, lights, gas, food, car insurance, anything to maintain the house. Sometimes I'll get a light bill that's as big chunk right there.

Most months, I've got about $200 left to buy food. And that's for four people. How do you do that?

I can't even afford to pay my health coverage, so I have to rely on Medicaid for my own coverage.

Now, a lot of people might say that a home care worker is just a babysitter. I just watch TV all day. Why should it matter if I do this job, anyone can do that? This job is hard, and it's not something just anyone can do.

I'm not a babysitter. I'm not sitting around watching TV. I'm working hard and providing assistance with daily activities so that my consumers can live independently with dignity and respect, and they depend on me. Nobody wants to do the job I have, because the pay is terrible, it's hard on your body.

The benefits are terrible--I've been doing this for year and only now am I for the first time getting any PTO and that's thankfully now that I'm working for Liberty that tries to do what it can and work with its attendants.

A lot of people who do this job, end up leaving because they just can't take it or afford to live this way.

There's no solution to our growing crisis in home care that doesn't start with increasing the budget for home care to expand access to care and make home care jobs good jobs, while ensuring a voice for attendants and consumers in making improvements.

# TESTIMONY OF RAY LANDIS

## ADVOCACY MANAGER
## AARP PENNSYLVANIA

## REGARDING HOME CARE SERVICES IN PENNSYLVANIA

## BEFORE THE DEMOCRATIC POLICY COMMITTEE

## MAY 30, 2017

## FOLSOM, PENNSYLVANIA

Thank you for the opportunity to be here today to discuss home care with the Democratic Policy Committee. My name is Ray Landis and I serve as the Advocacy Manager for AARP Pennsylvania.

What you've heard already this afternoon from consumers of home care services is what we at AARP hear constantly from our members – the desire to stay at home and in their communities for as long as possible, even when health and mobility concerns begin to become an important factor in their lives. This not only is the strong desire of individuals and their families, but it makes economic sense from the perspective of state government and taxpayers. It is much less expensive for an individual to live independently in a home and community based setting than to live in a skilled care facility.

As simple as this description of the benefits of home care verses facility care may seem, there are many factors for policymakers to consider when looking at this issue. The first is the recognition that not everyone can remain in their home by themselves or with only their spouse or significant other. As Pennsylvanians encounter limitations in health and mobility, they require assistance. The primary form of assistance comes from family members. Families caregivers are the most critical part of our long-term services and supports system. A 2015 AARP report estimated the value of informal family caregiving to be between $470 and $520 billion annually. In Pennsylvania alone, it is estimated that family caregivers provide care to loved ones that would cost $20 billion if purchased from other sources.

But we must recognize that our changing demographics mean that family caregiving is likely to undergo significant changes. A report issued by the University of Pittsburgh last year entitled "Caregivers at Risk" notes that today there are 7 potential family caregivers for each person over 80 in our population. By 2030, that ration will drop to 4 potential caregivers for each person over 80. The Pitt report also notes the stress that being a family caregiver brings, citing the employment, health, and mental impact it places on the individual providing care.

We are taking some steps to address the concerns of family caregivers in Pennsylvania. Last year the General Assembly passed and Governor Wolf signed into law the Caregiver Advise, Record, and Enable, or CARE Act, which will assist family caregivers when a loved is hospitalized by ensuring the caregiver is recognized and instructed on how to care for their loved one when they are discharged from the hospital. Pennsylvania also has a family caregiver support program in place, funded by the Pennsylvania Lottery, which can provide either one-time or on-going assistance to family caregivers.

Nevertheless, family caregiving cannot always be the fall-back position for the Commonwealth when we look at the daunting problem of the need for long-term services and supports and how to pay for them. The reality is that many older Pennsylvanians do not have family caregivers available to provide the assistance they need to stay at home – and as the Pitt study shows, that will become more common in the coming years. Figures from the Pennsylvania State Data Center show the 85+

population – the group of individuals most likely to need assistance in order to stay at home and in their communities – is the fastest growing segment of our population. If individuals don't have family members or friends to provide the services they need to remain at home, they must look to outside assistance. How to pay for that assistance – and what that assistance should cost – are questions that individuals, families, taxpayers, and state government continue to debate, with no real resolution in sight.

There are no easy answers to this dilemma. Unfortunately, as a society we seem to want to put our heads in the sand and pretend this problem will go away. But every year, more and more Pennsylvania families are forced to address a situation they really aren't prepared to deal with. What can we do as advocates for these families? One advantage we have in Pennsylvania is that our lottery revenues are dedicated to programs that help older Pennsylvania remain at home and in their communities. These programs are designed to assist older Pennsylvanians before they are in a long-term services and supports crisis. They help to keep older Pennsylvanians at home and in their communities, easing the burden on families and saving taxpayer dollars. We must continue to support these programs and resist the temptation to use lottery revenues to address other costs. Using lottery revenues to pay for Medicaid nursing home costs may help to address a short-term state budget shortfall, but it will come back to haunt the Commonwealth – as it already has. If we had taken a long view 10 years ago and not diverted more than $2 billion away from the lottery-funded programs that help keep older Pennsylvanians at home and in their communities, we could have a more robust system. We've made significant strides in ending this misguided practice – let's not fall back into old, bad habits.

Lottery revenues cannot address all our funding needs, of course. There are other steps, such as presumptive eligibility for Medicaid home and community based care services and reform of the long-term care insurance marketplace that could help. But the most important thing we can do in Pennsylvania is to lift our heads out of the sand, stand up, and confront the reality of the need for adequately-funded long-term services and supports. The question of how we want to live if we have health and mobility problems is something that every Pennsylvania family will face at some point. If we want to answer that question by offering Pennsylvanians the opportunity to stay at home and in their community for as long as possible we must recognize it will take both families and a strong trained professional workforce and infrastructure to make that happen. We, taxpayers and government, can choose to pay for that now – or pay a lot more for it later, with many more tears and heartbroken families added to the burden.

Thank you again for the opportunity to be here and I'm glad to answer any questions you may have.


Testimony

Vicki Hoak, Chief Executive Officer

Pennsylvania Homecare Association

May 30, 2017

Before the

House Democratic Policy Committee

Good Afternoon Chairman Sturla and members of the Democratic Policy Committee. My name is Vicki Hoak, CEO, of the Pennsylvania Homecare Association, which represents nearly 700 homecare and hospice agencies across the state.

Thank you for this opportunity to talk about a subject that I never tire of.... Pennsylvania's direct care workforce – professional caregivers who every day bring care into the homes of thousands of Pennsylvanians and who are incredibly valuable to families, but are underpaid, and much too often not recognized for the care and emotional support they offer our seniors and adults with disabilities.

My remarks will be brief but will focus on 3 areas:

- The Team: Consumers, DCWs and Family
- Cost of Long Term Services and Supports
- Solutions

The Team

In order to enable an individual to remain as independent as possible in his/her own home, it does take a team, which includes the consumer, their family and friends, and the home care aide/direct care worker.

Home care aides form strong relationships with their consumers and are the most incredible resource we have because not only are they 'lifelines" for older Pennsylvanians or adults with disabilities, they are the "eyes and ears" for physicians and our home care agencies whose primary goal is to keep that person safe, healthy and as independent as possible.

Being with their consumer one-to-one, anywhere from 4-10 hours a day, homecare aides quickly form very strong bonds with their consumers because when they enter that front door, they enter their client/consumer's world: their home, where memories are created and their life is theirs!

DCWs come to know how the consumer lives, or wants to live, they know what makes them happy or sad and truly become part of their life. A direct care worker can make the difference between someone being able to stay at home or having to go to the "home."

It's important to note that families are still doing the bulk of caregiving but 30% of families supplement that care with professional home care aides so they can continue to work or to help meet other family obligations. This partnership between the family and professional caregiver is crucial to ensure a consumers' safety and quality of life. Trust, reliability and mutual respect is a must.

But as a recent story in the Washington Post pointed out, acute shortages of home health aides and CNAs are cropping up across the country threatening care for people with disabilities and vulnerable older adults.

In fact Judith Graham goes on to write:

*The emerging crisis is being driven by low wages, around $10/hour, mostly funded by Medicaid programs and a shrinking pool of workers willing to perform this physically and emotionally demanding work; helping people get into and out of bed, go to the bathroom, shower, eat, and participate in routine activities ....all while dealing with difficult behaviors.*

*This is true in Pennsylvania.* The direct care workforce is not keeping up with our aging population demands where the senior population will grow by 35% by 2025, while home health aides will only increase by 26%.

This is not news! We have been hearing about this workforce crisis for decades – its high vacancy rate, high turnover, and low pay. The Department of Labor has reported that an additional

1.1 million workers will be needed by 2024 yet the population that tends to fill these positions - women age 26 to 64 will increase at a much slower rate.

Cost

Here in Pennsylvania, people pay privately for in-home care however there are two state programs that help pay for in-home care largely provided by direct care workers:

Medicaid HCBS where individuals must qualify by having a certain low income and meet criteria focusing on functional status. The other program is the Lottery-funded OPTIONS program that pays for home care for people who are 60 years. This program does not have strict income or functional criteria, however if the person has a higher income, cost sharing is required. Unfortunately, there are about 4,500 people on a waiting list for this program.

Medicaid reimburses homecare agencies an average of $18.71/hour for personal assistance services performed by direct care workers. Four regional rates have been established, with the western counties including Allegheny receiving the lowest hourly rate of $17.50. From that amount, agencies must establish DCWs' pay, (average is $10.58) while meeting other obligations such as payroll taxes, workers' compensation and other insurances, clearances, training and administrative costs.

There is no differential pay for weekends or holidays and no overtime. If a DCW works overtime, the agency is responsible for overtime pay. This is not the case for a DCW who is hired directly by a consumer – known as Medicaid's consumer-directed model. These direct care workers are eligible for overtime, which the state pays however for workers employed by a home care agency – there is no additional payment.

On average, the Aging Waiver has about 28,000 people receiving in-home care costing an average of $31,000 per person, per year. A nursing home resident's care being paid for by Medicaid, costs about $65,148/per person. So, think of the savings every time an individual can receive care at home.

Pennsylvania's Nursing Home Transition program helps nursing home residents to return to the community. In FY2015-16, we transitioned 1,430 people to the community, which equates to a savings of $37,248 for each person. Not only is 'home' where people want to be, for our state budget it is definitely more cost effective.

But our Medicaid rules continue to favor nursing home placement over home-based care because it is easier to become eligible for Medicaid for nursing home placement. Nursing homes are permitted to do presumptive eligibility and no matter what your income or assets are, individuals can "spend down" immediately. These two rules are NOT permitted for Medicaid in-home care.

Solutions

So what should we do about the direct care workforce, which is critically important to the welfare of Pennsylvania's growing aging population? How can we encourage more people to enter this profession while we retain those already doing this critical care? Not only must we instill a sense of compassion, we must also commit to ensuring the integrity of the Medicaid program. There have been too many OIG reports citing fraud being committed by direct care workers by falsifying their time sheets. One way to resolve this concern is mandating the use of electronic visit verification,

which our association fully supports. This automated system logs in the time an aide enters the home, records what services were provided and documents when they leave the consumer's home.

Despite this challenge, the value of this workforce to the Commonwealth's long term services and support system is extraordinary yet how much have we invested in it? Have we considered raising the Medicaid rate for personal assistance services so agencies can give pay hikes or having differentials for care over holidays or for overtime pay? Have we looked at standardized training to ensure that all direct care workers are equipped to care for a more demanding consumer with dementia, and other chronic conditions?

I wish there was a magic bullet but there isn't. It must be a multi-faceted strategy that focuses on all aspects from job satisfaction, adequate pay, training and respect.

Our association has a long time commitment to addressing the challenge of direct care not only for aides but also for nursing. We believe in training and are pleased to be the recipient of funds from the Department of Aging for *My Learning Center*, an online video training series for direct care workers. Nearly 60 courses are now available on line and I'm pleased to announce that we have over 84,000 users who routinely view the courses and take the quizzes.

We also have partnered with the Department of Aging for Pennsylvania's Direct Care Worker of the Year program. This year, nearly 200 workers were nominated for this award. But instead of just announcing the winner, our association invited all nominees to Harrisburg for training and recognition. This is just one example of an investment in this workforce – one that should be replicated.

Aides and attendants hold the key to many things to enabling people to remain at home as they age, being a person's companion and lifeline to helping that family who wants to stay together but needs some extra help.

And last but not least, they hold the key to cost savings that too often is overlooked. This savings will increase as a result of the Wolf Administration's recent policy clarification on specialized care provided by direct care workers. This policy clarified the types of non-skilled services that can be performed in the consumers' homes by personal care workers, which before could only be provided by a nurse. This move was in response to helping people to remain at home with the help of an aide to perform such services as medication assistance, bowel and bladder routines, and basic wound care. It also requires additional training and proof of competency before these tasks can be performed. Yet, no funding for this additional training has been provided.

This is a move in the right direction because it reflects the important role DCWs play as we meet the needs of consumers. It is also a cost savings because direct care workers can do these services, rather than a higher cost nurse.

I hope that as you consider your policies and guiding principles that you will commit to ensuring older Pennsylvanians can remain in their own homes and receive the care and support they need, provided by a qualified and compassionate worker.

To accomplish this the Commonwealth must focus on senior care and being prepared to meet the needs of our growing senior population by investing in this workforce.

Good afternoon. Thank you for this opportunity to share the experience of being denied exemption from Prudent Pay and the process of acquiring funding for Victorias' Home Care, LLC.

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My name is Maria Dunlevy and I am one of the Founders of Victorias' Home Care, LLC, a privately owned local Home Care company located in Swarthmore, Pa. VHC is woman owned and operated since December 2003 employing approximately 100 people.

VHC was founded with the mission of bringing value to the lives of those in need! Both Victoria and I cared for family members while managing demanding careers. VHC's third partner understood the importance of home care, although never having experienced the need personally. VHC was issued a license by the Department of Health in April 2004 and immediately applied to become a provider for several Waivers as well as the Veterans Administration. VHC's startup capital came from personal remortgaging of founders homes and early withdrawal of retirement funds. This was the only option, as one founder because of a personal issue, was not able to borrow. The **company** never borrowed a penny from a financial institution. The other partners borrowed **personally** for the company when the need arose. The most important issue for the company was to be paid promptly by vendors. In 2008/2009 Prudent Pay was introduced. VHC needed to request exemption for its two ID numbers at that time (one ID was for Aging Waiver and the other was for the remaining Waivers). Again it was imperative to receive payments in a timely fashion in order to meet payroll. With exemption, payment is made within 15 days from billing date. Without exemption, payment is received in approximately 30 days. VHC bills on a weekly basis. Exemption was eventually removed late in 2010, when it was required to reapply to OLTL. Both of the ID numbers were rolled into one. Therefore, payment would be combined for all Waivers. At that point, VHC applied for exemption once again. Financial information was supplied quarterly as required and VHC was granted the exemption. In December, VHC was advised

that the contact was retiring and a new contact would be appointed. The new contact advised that the exemption would expire at the end of March 2017. This was devastating news. Knowing that the owners borrowing power was extremely limited, OLTL was notified and replied that VHC MUST acquire a line of credit. After explaining the situation, VHC was then asked to supply at least two declination letters from financial institutions. At this point contact was made with Leanne for assistance.

The first bank approached was TD Bank, VHC's current bank. Immediately VHC was informed that **TD BANK DOES NOT LEND TO THE HOME CARE INDUSTRY!** All that was needed was a letter of declination but the application was never processed even after numerous conversations with the branch manager and the loan officer, no letter was forth coming.

VHC approached their prior bank County Savings. Collateral was needed. No collateral, no loan and therefore no letter, as there was no processed application.

Next, Boeing Helicopter Credit Union was contacted. Basically the same issues with borrowing but a letter was issued.

Lastly, Santander bank was contacted and an application was completed and another declination letter was issued.

To explain the impact of the situation: **Of total revenue, 79.4% is generated from the Waiver programs.** A large amount of money would have to be borrowed to cover monthly payroll and all other expenses. It was much easier to self-fund when the numbers were much smaller.

A detailed letter was drafted and all information submitted and with the help of the local Representative Leanne, a positive response was received. VHC will be exempt for all of 2017.

There is another issue that will be up and coming and that is Community Health Choices. In 2018, payment will not be issued by DPW. Three insurance companies chosen by the State of Pennsylvania will

be the payers. There are many companies that are interested in knowing just how this process will be finalized and just how it will operate. The factor of the unknown and the looming possibility of payment in 30 days or longer is an issue to be dealt with again in the future. Many small companies are in fear that they may have to close their doors! The meeting that was held locally in reference to CHC, not all that long ago, brought many questions and grave concerns for the longevity of these smaller companies. Only time will tell just how this new plan will finally work for all involved. VHC is very curious as to how this will work **WITH REGARD TO PAYMENT AND TURN AROUND TIME.**

Victorias' Home Care, LLC has been providing quality in home care to clients for 14 years. VHC is recognized and well respected in the community. The services brought to clients allow them to remain in their home and bring value to their lives. VHC has worked long and hard to become a quality provider.

One of the things that differentiate VHC from its competition is that each and every client is assigned a **Registered Nurse** to monitor every aspect of their case for the entire time they are with VHC. This is an important factor in delivering the kind of care needed. Consistency in monitoring is imperative. **This cost is absorbed by VHC.** Personal visits on a regular basis including discussions with clients and their family, allows the RN to address issues that arise and resolve them promptly. **This practice has proven to be crucial in the operation of Victorias' Home Care! There are many essential aspects to VHC..... borrowing power should not be one of them. Quality of service is the most important! Prudent Pay has its objectives, paying a provider in a timely fashion for services already provided should be paramount!**

We are all in positions of service to our respective communities. Our successes are many and we strive to continue on that road, sometimes there are bumps, the goal is to stay on the road and continue to succeed! Thank you for your attention and hopefully this information will be helpful to all involved. Good afternoon all.

**Tom Carroll's Testimony for 5/30/17 House Democratic Policy Committee Hearing**

Good Afternoon. My name is Tom Carroll and I have been a medical social worker for almost 30 years, working primarily in the home care and hospital settings. For the past 12 years I have been a co-owner of Home Helpers of Media. In addition, I have served for the past 10 years on the Board of Directors for Senior Community Services. I am truly appreciative of the opportunity to be here this afternoon.

For those that do not know, Home Helpers is non-medical home care company and our office provides daily assistance to over 350 clients in Delaware and Chester Counties. We have been a proud provider for both the Chester County Area Agency on Aging and the Delaware County Office of Services for the Aging (COSA) for 15 years. The brief time I have you here today I'd like to highlight 2 areas that I believe are going to be our greatest challenges in delivering quality home care services over the next 20 years. The First challenge which is currently affecting every in-home provider is the shortage of good quality caregivers. I just attended our national conference in San Diego. Over 250 franchise offices were represented at this conference and the single most common theme and pain of all the offices at the conference was the shortage of caregivers. This challenge is not exclusive to Pennsylvania but it's a simple fact that the demand is greater than the supply. We simply just cannot hire enough good quality caregivers, and I emphasize the word quality. To give you an idea of our hiring process, we on average receive about 150 applications per month and out of those 150 applications we hire approximately 8-10 caregivers/month. The process is extremely laborious and costly. In our 15 years of experience, our best caregivers are people that come to us with life experiences and not necessarily professional experience. Most of the hands on service that we provide, can be taught or trained in a relatively short period of time. The qualities and characteristics that often differentiate a quality caregiver versus a poor caregiver, are really the intangibles that are not teachable: empathy, compassion, commonsense, socialization/communication skills these are the skills that really differentiate a good caregiver versus a poor caregiver. There's a tremendous amount of training programs for caregivers that focus on the technical training which is important, but if not coupled with these other intangibles skills it really does not provide the job readiness that most good quality agencies and consumers are looking for in a caregiver. As an employer of over 200 caregivers I will tell you that we will invest our time, energy and money into a caregiver that has no practical experience but possesses the intangible characteristics mentioned above. In my opinion, any type of monies allotted towards job training and job readiness for caregivers needs to focus on this area and include this as a major component of the training programs.

Second challenge that is currently adversely affecting our industry and impacting the quality of care for our clients, is rising cost of doing business. As I mentioned, we have been a Medicaid

Waiver provider for 15 years. We have always valued our relationship with the local AAA's and we recognize the important role and responsibility we have to this consumer. Many of our Medicaid Waiver clients have no family, are isolated and we are their connection to the outside world. It's a huge and awesome responsibility and something we take very seriously. Currently, our reimbursement rate for our Medicaid Waiver consumers is about $3.50 less than our private pay rate. Two years ago, when the state went with "regional rates" our reimbursement rate went down by .28 cents/hour. For most good quality in-home providers, who are trying to do it right, the margins in this business are extremely "skinny". In both Delaware and Chester County there are over 100 in-home providers on the approved in-home provider list. 15 years ago we were one of 12 providers. Many agencies are getting into this business for the wrong reasons and think it's an easy business. It is an easy business if you don't care and you don't have an appreciation for the impact you have on people's lives. The residual effect of the reimbursement rate remaining flat or decreasing, is you have good quality home care agencies deciding to back out of the Medicaid Waiver business, leaving many suspect providers who are paying their caregivers less, not investing in innovative technology to monitor quality of care and cutting corners in order to break even or make a profit. I am certainly not naive and know that Medicaid dollars are at risk and funding for these essential and critical services are always in jeopardy. However, I believe that a more competitive reimbursement rate for providers will retain and perhaps attract better quality agencies. In addition, I think a prerequisite for any in-home provider is to have an internal mechanism for tracking and measuring quality. We use a 3rd party vendor that performs customer satisfaction surveys for all our clients. It analyzes and provides benchmarks to us on where we stand in comparison to other agencies nationwide. It also provides us with vital information and feedback from our clients that we otherwise might not have known. The current number of in-home providers in our region is too high and confusing for most consumers and families. The herd needs to be thinned and looking at quality and those agencies that are in this business for the right reason is good way to achieve this.

I appreciate the opportunity to share with you some of my thoughts and ideas and look forward to hearing more on this plan in the upcoming months. Thank you.

Testimony on Home Care Agencies

Jen Burnett

Department of Human Services

House Democratic Policy Committee

May 30, 2017

pennsylvania
DEPARTMENT OF HUMAN SERVICES

Good afternoon. My name is Jen Burnett and I am the Deputy Secretary of the Department of Human Services' (DHS) Office of Long-Term Living (OLTL). I'm happy to be here to talk about the important role that direct care workers play in today's long-term services and supports system. These workers serve as the backbone of our system. They help people with disabilities and older residents get up, get dressed, and eat breakfast every morning. They help with toileting, clean up messes, and help people to transfer from bed to wheelchair, sometimes several times a day. They have chosen to willingly care for our neighbors, our spouses, our parents, and other loved ones. And some day, they will likely care for a lot of us in this room.

Most states, including Pennsylvania, offer a choice to Medicaid waiver participants – they can get their direct care workers from an agency or they can hire them themselves. The first is called the "agency model" of services. Under this model the state provides home care agencies with an established rate. From that rate, each agency determines what their overhead costs are and what rate they will pay their workers. The agency is the employer and must follow labor laws established by the federal government, including the payment of minimum wage and overtime.

The second model of service delivery is called the "participant-directed model". The nature of the work is the same as with agency workers, but the relationship of the participant to their worker is different. Under participant-direction, the participant is the "employer of record", often also called the "common law employer". They hire, train, and fire their workers themselves. They decide within a range established by the state, how much they will pay their workers. Their rates are set lower than those for agencies because they do not have similar overhead costs. Until recently, they were considered to be ineligible for overtime and minimum wage. Most participants in DHS programs already paid minimum wage to their workers. But many worked more than 40 hours a week, which was paid at straight time. On October 13, 2015, the U.S. Court of Appeals upheld a Department of Labor rule that required participant-directed workers be paid minimum wage and overtime. The federal government now requires the same overtime provisions that are applied to agency workers.

Currently 48,204 participants receive services in the Agency Model and 18,210 participants receive services in the Consumer Model.

DHS makes both of these models of service available because we firmly believe that participants should have a choice in how much employment-related responsibility they want to take on and what type of relationship they want with their workers. There are pros and cons to each model. Participant-direction offers choice, but it also takes increased monitoring by DHS to ensure that services are being provided as prescribed on a participant's service plan and that program integrity is maintained. This model also requires DHS to have a financial management service in place that handles workers' taxes and payroll activities. Both OLTL and the Office of Developmental Programs use the procured services of Public Partnership, LLC (PPL) for this purpose.

Both of these models of service will continue when DHS implements Community HealthChoices (CHC). CHC is a Medicaid managed care program that will include physical health benefits and long-term services and supports. The program is referenced nationally as a

Managed Long-term Services and Supports Program or MLTSS. Individuals enrolled in CHC will include those who are dually eligible for Medicare and Medicaid and those who are eligible for Medicaid long-term services and supports (LTSS) whether they receive those services in a nursing facility or in the community.

CHC participants will be able to access their direct care workers either through the agency model or through the participant-directed model. The difference is that, instead of the services being paid directly by DHS, they will now be paid by CHC managed care organizations (MCOs). A financial management service entity will continue to be used for participant directed services. However, in CHC, that entity will work with the MCOs to facilitate payment for these services.

As a core component of the program, CHC MCOs will be required to work with DHS to implement efforts to improve the recruitment, retention, and skills of the direct care workforce. Possible CHC initiatives may include:

- Labor/management partnerships or employee/employer partnerships;
- Training programs that exceed DHS and Pennsylvania Department of Health requirements for direct care worker qualifications, including programs to address complex needs of participants;
- Pre-service orientation;
- Promotion of direct-care worker organizations and associations;
- Professional support, certifications, and career-ladder opportunities;
- Care team integration that engages front line workers.

CHC will be implemented in three phases. The first phase, in the southwestern portion of the state, will be implemented on January 1, 2018. The second phase, in the southeast, will occur July 1, 2018. The remainder of the state will be phased in on January 1, 2019.

In closing, DHS recognizes the critical importance of the direct care worker in our service system and offering options for how program participants are able to access these services. In addition, DHS designed CHC to expand and improve the role of the direct care worker. CHC will offer us the opportunity in the future to be more innovative by working with the CMC-MCOs to tackle some of the hard issues that have negatively impacted recruitment and retention of workers. I appreciate the opportunity to provide testimony and will be pleased to take any questions at this time.

**5/30/17 House Democratic Policy Committee Hearing**
**Home Care in Delaware County – May 2017**

Good afternoon, my name is Barbara Nicolardi and I am the Planner at the County of Delaware, Services for the Aging (COSA). I would like to thank Representative Leanne Krueger-Braneky for orchestrating today's discussion and I would also like to thank everyone here in attendance today as we dialogue about home care issues in Delaware County.

Today's discussion focuses on home care and in particular in my job that means home care for seniors. I have worked at COSA for nearly 30 years and during that time I have had the opportunity to work with the home care agencies in a variety of capacities such as a monitor, contract liaison and the person who writes the Request for Proposal for home care services. I have seen the number of home care agencies providing care in Delaware County grow from 6 to over 300.

This industry and these workers are invaluable to our senior population by keeping them living safely and independently for as long as possible in their homes. In fact, the seniors they serve are often the most vulnerable and frail, homebound and likely do not have anyone else living with them. The home care worker is often their only contact for the day. These seniors need help with dressing, toileting, bathing and at times meal preparation and eating.

It is obvious we need to assure that our seniors are receiving quality care from well-trained, caring home care workers. These agencies need to be able to recruit and retain dependable staff. And yet the staff are often unable to have enough work in any given day to have full time status, affording them the opportunity to have full time benefits. Most workers take public transportation from home to home and are not paid for the time on public transportation. In a market that is saturated with agencies, the prices have been competitively low and stagnant. These factors impact the ability of agencies to recruit and retain the quality, talented workers needed.

In 2015 we gave our then contracted home care agencies a 2% unit cost increase which had been the first price increase we were able to give in 5 years. The PA Department of Aging had set a price moratorium on all unit cost contracts which meant no increases. So although no price increase afforded us the opportunity to purchase more units of service, it continued to keep workers at lower incomes.

We offer two main programs through COSA where consumers can receive in home care from our home care partners. I would like to take a few minutes to elaborate on each program as it relates to home care.

The OPTIONS program has been around for over 40 years and serves consumers who are either nursing home eligible and above Medicaid income limits or who are not yet needing nursing home level of care. In 2016 we offered contracts to all home care agencies who could follow our Request for Application and meet our requirements. All

employers are required to pay overtime to workers. When an agency pays a worker overtime to provide consistent care to a consumer, the agency often times is making as little as $.25 per hour. However, when a consumer self directs his/her own care and hires the worker through the state fiscal intermediary provider, that worker is permitted to be paid overtime.

All home care agencies are required to be licensed by the Pennsylvania Department of Health. When the licensing began we were hopeful that this process would help to regulate the industry enough that we would only have quality agencies and workers. We have since realized that for a price, there are organizations that will complete the application successfully for anyone. Annual licensing inspections do occur and often without notice. However, we have also heard that many of these agencies have not been open when the inspector arrives during normal business hours.

Our hope for home care is for the following:

- Have the ability to increase both the OPTIONS and Aging Waiver reimbursement rates which would also mean an increase in our funding so that we would not need to reduce the amount of service provided. We do feel that by offering competitive wages, it will be easier to recruit and retain the quality caring workers needed.
- All programs offering personal care or personal assistance services should be required to have 90-day RN supervision and oversight.
- The licensing agency should have better options to un-license an agency if they have not served any consumers over a specified period of time and/or if they are not available during normal business hours for a licensing inspection.
- The Office of Long Term Living needs to define qualified agencies better and limit the number of agencies for any area. There should not be a listing of over 300 agencies for a senior to have to muddle through. Options for this could include regionalizing this so that an agency has to have a physical presence within a certain radius of the county. Other ideas could be a rating system based upon monitoring outcomes where an agency has to have a specific rating or above to be listed.

Overall we value the work that the home care agencies and workers provide. We know that our seniors are dependent on this type of service to continue to live safely at home. Our hope is that we continue this dialogue to assure there is an appropriately trained, caring work force who receive the pay and benefits necessary to continue to provide quality care for the seniors in our county.

Thank you again for this opportunity to provide testimony and to Representative Krueger-Braneky for organizing this.