PENNSYLVANIA HOMECARE ASSOCIATION

Testimony on:

Supporting Home Care Workers & Consumers

Senate Democratic Policy Committee Hearing

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Introduction

Chairman Miller, Chairman Hughes, Senators Kim, Saval, and Tartaglione—

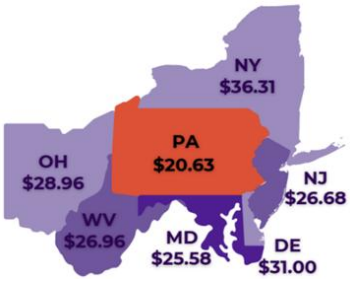
On behalf of the Pennsylvania Homecare Association (PHA) and our more than 700 member agencies providing home health, home care, and hospice services to 400,000+ Pennsylvanians, thank you for the opportunity to testify today.

Direct Care Workers are the backbone of Pennsylvania's home-based care system: they provide essential, hands-on support to older adults, people with disabilities, and medically fragile children. Our mission is simple but vital; ensuring that every Pennsylvanian can receive high-quality, person-centered care in the setting they prefer—their home.

Today, I want to focus on the path forward; how we can meaningfully support and sustain this workforce in the years ahead through strategic investment, fair reimbursement, and data-driven policymaking.

I. The State of the Workforce: A Crisis Confirmed

The facts are clear and well-documented. Pennsylvania's home and community-based care system is in crisis. The Legislative Budget and Finance Committee's 2025 HCBS Study (HR165) and the Department of Human Services' 2025 Mercer HCBS Rate and Wage Study both confirm what our members live every day: reimbursement rates for Personal Assistance Services (PAS) have not kept pace with inflation, neighboring states, or basic market conditions.



- The current statewide average reimbursement for agency-directed PAS is $20.63 per hour—the lowest among all neighboring states, trailing by 24–76%.
- Since 2013, inflation has increased 41%, while reimbursement has risen only 12.1%.
- Direct care worker turnover averages 79% annually, driven by low wages and competition from industries like retail, food service, and warehousing.

The result is both predictable and devastating: over 112,500 missed shifts of care every month - with Managed Care Organizations reporting that 10% of all authorized hours are unfilled - meaning older adults are left without help to get out of bed, children go without nursing hours, and families are pushed to the brink.

This is not a problem that can be solved by administrative efficiency alone. It is a structural funding problem that demands a structural funding solution. According to two independent state-commissioned studies, a 23% increase in reimbursement for agency-based Personal Assistance Services represents the minimum essential investment needed to stabilize Pennsylvania's home care system—an $800 million annual commitment to protect access to care for 155,000+ residents.

While the cost of delivering care has continued to climb, reimbursement rates have stagnated. The result is simple but devastating: demand for in-home care is growing, yet the system responsible for meeting that

demand is eroding. As Pennsylvania's population ages - with one in three residents projected to be over 65 by 2030 - the strain on this system will only intensify.

Failing to act now will not save money; it will compound costs and consequences later, as more Pennsylvanians are forced into hospitals and institutions at far greater expense. A meaningful rate adjustment today is not merely an investment in the workforce—it is an investment in our ability to control health care costs in the future and in preserving the right of Pennsylvanians to receive care where they most want to be: home.

II. The Path Forward: Investing in the Workforce

The data-driven path forward is clear and achievable.

The Pennsylvania Homecare and Association, along with the Pennsylvania Association of Home and Community-Based Service Providers recently submitted our FY 2026–2027 Program Revision Request (PRR) for Personal Assistance Services, calling for a minimum 13% rate increase - raising PAS reimbursement to $23.31 per hour; with a goal of reaching an inflation-adjusted 23% adequacy benchmark ($25.38/hour) identified in the state's own Mercer Rate and Wage Study.

This investment would:

- Strengthen wages and benefits for 200,000+ direct care workers
- Protect access to care for 155,000+ Medicaid participants
- Prevent unnecessary hospitalizations and institutional placements
- Stabilize a fragile care network already stretched beyond capacity

It is important to remember that even at $25.38/hour (the 23% recommendation), Pennsylvania would still be below all neighboring states, including New Jersey's current $26.68/hour rate and even more significantly behind Delaware's rate of $31; meaning we are not seeking excess, but equity. Neighboring states like West Virginia, Maryland, and New York have increased their rates between 16% and 69% in recent years to confront this same challenge. Pennsylvania must take immediate steps in the right direction if it hopes to retain its workforce and avoid further access crises.

III. Learning from Policy Experience: Proceed Boldly but Carefully

In considering policy solutions, we must also learn from the lessons of well-intentioned but complex reforms like House Bill 2372, introduced in 2023, and federal examples such as H.R. 1.

HB 2372 sought to improve workforce wages through new pass-through mandates. While well-intentioned, its structure would have required building a new bureaucratic oversight system to enforce compliance—diverting dollars and focus away from direct care delivery. Much like the costly administrative expansion seen under H.R. 1's Medicaid redetermination process, the bill risked generating unintended consequences beyond its stated goals.

The 2025 Mercer Study makes clear that such measures are unnecessary: providers already direct approximately 85% of reimbursements to worker compensation, with the remaining 15% covering essential compliance, oversight, and operational costs. Moreover, the state-level proposal would have duplicated the federal 80% workforce passthrough requirement already established by CMS under the Medicaid Access Rule.

Instead of spending more state dollars on the administration of policies that don't materially alter the conditions of the workforce, we need to instead focus on how we can invest dollars where we get the greatest return on our investment – in the form of improved quality and health outcomes for the patients we serve. To do that, we must first correct nearly two decades of under-funding so that the system can stabilize the workforce and invest more time and resources in quality.

PHA and our members are eager to work with the General Assembly and key stakeholder groups to craft thoughtful, data-driven policy that secures the long-term stability of programs like Community HealthChoices. We recognize that proposals such as Senator Saval's co-sponsor memo to establish a Direct Care Workers Wage Board reflect a genuine commitment to the same goals we share: ensuring fair pay, strengthening workforce sustainability, and promoting a transparent, structured approach to Medicaid rate-setting.

PHA and its members actively engage in initiatives that elevate and address workforce needs, including the current effort to update the 2019 Blueprint for Strengthening Pennsylvania's Direct Care Workforce through the PA Long-Term Care Council. These efforts underscore an important truth — providers, advocates, and lawmakers are not divided on the problem, nor on the urgency to act; we are united in our commitment to finding lasting solutions.

IV. Building a Sustainable System

True progress will come from three key commitments.

1. **Recognition and Investment in Home Care as Essential Infrastructure**
   Home care is not an ancillary service—it is the foundation of Pennsylvania's long-term care continuum. Investing here prevents costlier institutional care and strengthens the entire health-care system.
2. **Regular, Data-Driven Rate Reviews**
   Pennsylvania must adopt a formalized rate review process within the Office of Long-Term Living to ensure reimbursement keeps pace with inflation, cost of care, and regional labor markets.
3. **Establishment of a Home Care Council**
   As proposed in the FY 2026–2027 Program Revision Request, a collaborative Home Care Council should bring together state agencies, providers, managed care organizations, and workforce partners to identify efficiencies, prevent fraud, and guide reinvestment strategies.

When reimbursement rates are fair and predictable, agencies can pay higher wages, reduce turnover, and restore continuity of care. When rates stagnate, access collapses, and the state pays more elsewhere in hospital and nursing-facility costs. It is that simple.

V. Conclusion

The data, the human impact, and the fiscal logic all point to the same conclusion: Pennsylvania must act now to strengthen its home and community-based care workforce.

This is not just about economics—it is about dignity. The dignity of a grandmother who wants to stay in her home. The dignity of a caregiver who deserves a living wage. And the dignity of a Commonwealth that values both.

We urge the General Assembly and the Administration to make FY 2026–2027 the year Pennsylvania begins to rebuild its home care infrastructure; through fair reimbursement, regular rate reviews, and true partnership with providers and the workforce that sustain this system.

Thank you for your time, your attention, and your continued commitment to those who care for Pennsylvanians in their homes every day.