

TESTIMONY OF MAGGIE DRAG,
OWNER OF EURO-AMERICAN CONNECTIONS, LLC,
IN OPPOSITION TO HOUSE BILL-5313
AAC HOMEMAKER SERVICES AND HOMEMAKER COMPANION AGENCIES

Good afternoon, Senator Holder-Winfield, Representative Tercyak and other members of the Labor and Public Employees Committee. Thank you for the time to testify on this important issue. My name is Maggie Drag, and I am the owner of Euro-American Connections, LLC, a home care Registry located in Berlin, CT. **I started Euro-American Connections in 1989**, soon after emigrating from Poland. We are a home care Registry that matches self-employed, sole proprietor caregivers with elderly and disabled individuals looking for care at home or in senior and other facilities. In the past 25 years, we have placed **over 5,000 caregivers** with consumers.

Homecare Registries have existed for over 80 years in CT, and they serve a critically important function in the care of seniors and people with disabilities. They allow **sole proprietor caregivers**, who are in the business of providing care for the elderly and people with disabilities, to find work with individuals needing care. They also allow seniors and people with disabilities to obtain care that may allow them to remain in their homes, but at a **lower cost than employee-based Agencies**. Over the past 25 years, I have seen countless examples of people who wanted to grow old in their homes, but were not able to afford the cost of employee-based Agency care.

Euro-American Connections is **registered with the CT Department of Consumer Protection and the CT Department of Labor**. Our business is completely legitimate and above-board. We have worked actively with the legislature in recent years to enhance legislative oversight of our segment of the homecare industry, including proposing amendments to the Homemaker-Companion Statute, which were passed two years ago and required, for the first time, that all Registries register with DCP.

House Bill 5313 that you are considering today would **kill the Registry business model**. It would do this by creating a **fiction that the Referral Registry is the "employer"** of all of the caregivers that it refers, making it **liable for wages, workers compensation and unemployment insurance**. Regrettably, the Legislature is being pulled into what is essentially a **"turf battle"** between employee-based homecare Agencies and Referral Registries. Some employee-based Agencies want to destroy the Referral Registry model, merely because **Registries are lower-priced competitors**. The Florida Legislature did its own study, when faced with demands by employee-based Agencies to eliminate Registries, but instead determined that **Registries were critically important to elder care in Florida**. If you would like, I can provide you copies of this study.

Due to legislative and regulatory changes in the past year, Registries have become even more critical to CT's elderly. The Federal Department of Labor issued new Fair Labor Standards Act (FLSA) **Regulations**, effective 1/1/15, that will **require employee-based Agencies**, for the first time, to pay **minimum wage and overtime to all caregivers** (but individuals and properly structured Referral Registries will NOT be required to do so). This will be especially burdensome to seniors requiring live-in care. Also, the requirements of the **Affordable Care Act** will add overhead to employee-based Agencies. Together, these changes could easily push the cost of

live-in care at employee-based Agencies to over **\$300 per day**, which will be unaffordable to many.

I am not coming to you as a Registry owner that wants to protect what appears to be a competitive advantage over employee-based Agencies that face higher operating costs. In addition to my home care Registry, **I also own an employee-based homecare Agency** which provides a different level of care for individuals that can afford it. In our employee-based Agency, the caregivers are our employees, and we pay for workers compensation, unemployment insurance and liability insurance, and we supervise our caregivers in the field. **The cost to the consumer is higher** today, and will be much higher in the future, for the above stated reasons. The employees in our employee-based Agency receive these additional benefits, but they **earn less than the caregivers that we place through our Registry**.

It's not that one business model is better than the other. The point is that **both caregivers and consumers should have a choice**. Consumers, who cannot afford a higher-priced employee-based Agency, **dearly need the less expensive Registry model**. **Sole Proprietor Independent Caregivers**, who want or need more control over their schedule and the clients they accept, **should have the right to forego the protections of workers comp and unemployment insurance, in exchange for higher compensation**.

If HB-5313 is passed, and Registries are not allowed to exist, the result will be that many CT consumers would either:

- (1) Go to the **underground economy** and find caregivers in Craigslist, internet sites or other advertisements. These caregivers will **not be subject to criminal background checks** and will be much more likely to **take advantage of seniors** and people with disabilities, or
- (2) Not be able to stay in their homes, and have to go into facilities under **Title XIX** at **ENORMOUS COST TO THE STATE**.

Either of these results would be a terrible result for CT's elderly and people with disabilities, and for the State of CT.

In conclusion, I implore you to defeat House Bill 5313, and not kill the affordable Registry business model in CT.

Thank you for allowing this time for me to testify.