

Companions & Homemakers, Inc.
Testimony Concerning Proposed Bill No. 6685
Aging Committee
February 17, 2015

Senator Flexer, Representative Serra, and distinguished members of the Committee on Aging:

Good morning:

My name is Jonathan Hunt. I am a Regional Care Manager with Companions & Homemakers, Inc., one of Connecticut's largest employers of non-medical homecare under Connecticut's Homecare Program for Elders. We employ approximately 8% of Connecticut's total estimated 40,000 domestic workers and serve thousands of seniors throughout Connecticut, many whom are Medicaid recipients. Companions & Homemakers would like to add our support to Raised Bill No. 6685, An Act Increasing Home Care Provider Rates; and, suggest the language be amended to provide for greater increases.

In January Connecticut's minimum wage increased \$.40 per hour and will increase another \$.45 in January 2016. The mandates of the Affordable Care Act require employers of our size to offer health insurance to eligible employees at a cost not to exceed 9.5% of their gross earnings. This results in an additional cost of approximately \$400 per month for every participating employee. To illustrate the impact of this burden alone, Companions and Homemakers is one of Connecticut's largest employers of homecare workers, and we estimate we would need to close our doors if every caregiver accepted our health insurance (which we have offered to eligible employees for the past 10 years).

As those costs have increased, Connecticut's Medicaid reimbursement rate for services in the Homecare Program for Elders has not come close to keeping pace. The rate has increased once in seven years, by \$.15 per hour.

The model of homecare can only succeed if providers can afford to participate in the program. We are at the point in Connecticut that many cannot. Reimbursement rates for non-medical homecare have lagged far behind standard cost of living increases. Over the past 10 years, minimum wage has increased by nearly 30%, while Medicaid reimbursement for Home Care Services has increased 8%. When Companions & Homemakers was founded in 1990, minimum wage was at a rate of \$4.27 per hour, however, we were paying our caregivers \$3-\$4 over that rate. The reason being, these jobs warrant higher than minimum wages for the myriad of duties involved with homecare, in addition to the unreimbursed travel and vehicle wear and tear associated with these assignments.

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Increased business costs, coupled with stagnant reimbursement rates, make it more and more difficult for providers to pay caregivers more than the minimum wage, creating a ripple effect. It is more difficult to retain quality caregivers, triggering repeated hiring costs; and, causing caregivers to leave the homecare field for less demanding (though no less important) employment. More importantly, caregiver turnover negatively impacts the continuum of care to our very deserving clients.

A 2% increase of the Jan 2015 rate would amount to an additional \$.29 (Companion), an amount that would not even offset the increases in minimum wage, let alone other increases expenses; administrative costs, health care, worker's compensation. We support passage of Raised Bill 6685, but encourage amendment to provide for an increase of 17.5% of the Jan 2015 rates. In comparison to our neighboring states, such as Massachusetts, whose fee schedule is significantly higher than that of the reimbursement in Connecticut, I feel this can be achieved in order to benefit our elderly population, and the dedicated employees who care for them. Furthermore, in light of recent adoptions being considered to the eliminating the live-in companion exemption that ultimately did not pass, the state was able to propose and increased live-in reimbursement to \$225 versus the current \$180 per day rate, so it would seem funds are available.

In addition to this request for higher increase, Companions & Homemakers is committed to ensuring that any and all increase to reimbursement will go directly to caregiver wages and overhead of all hours worked, not to company profit margin.

We are particularly supportive of proposed bill 6685 and provisions that would require the Commissioner of DSS to increase rates annually. Annual increase assure providers will receive a rate that keeps pace with cost increases, will help Connecticut budget more effectively, and will encourage more providers to participate in programs designed to provide vital, non-medical homecare. The alternative, which will soon be a reality if we continue on this path, is that there will no longer be any providers willing or able to provide at the current and projected reimbursement rates when taking into account all of the additional cost we've incurred.

I thank you for your time and attention, and would be pleased to respond to your questions.