



SUPPORT A REIMBURSEMENT RATE INCREASE TO HOME AND COMMUNITY BASED HOMEMAKER & COMPANION SERVICES

To Sen. Flexer, Rep. Abercrombie and the distinguished members of the Appropriations Committee Human Services subcommittee,

I am Eileen Adams of the CT Homemaker & Companion Association, a group of about 50 owner-operated and not-for-profit member agencies, most of whom service consumers in the CT Home Care Program for Elders.

Our member agencies employ our caregivers. As such, **we pay taxes and insurances** and provide training, support and supervision. The lack of rate increases over the years has been difficult for agencies to absorb while continuing to provide the basic activities of daily living to keep our state's most fragile consumers in their homes. The services we provide annually save the state millions of dollars over the cost of care in skilled facilities and we are part of the initiative to **Rebalance** our Medicaid consumers out of long term facilities and into the community.

The administrative and financial requirements to remain compliant with state and federal regulations have become much more costly to us employers, yet, the reimbursement rates have remained the same from 2007 until last month's 16 cent increase at the companion and homemaker level. We know that the budget decisions you have to make a difficult. We ask you to look at the actual cost to provide these services, not the overall budget, when making decisions that will affect many low wage and unskilled employees and the elderly and fragile consumers they serve.

To illustrate how difficult it is to run a business with these reimbursements, these are figures provided by a couple medium-sized homemaker and companion agencies. These are companies that have been in business for a long time with a median pay rate of \$10 per hour.

Payroll costs:	77.3 %
Payroll taxes:	9.5%
Insurance costs:	6.2%
Total Hourly Employee costs:	93.0%

At the new companion rate of **\$14.68** per hour, the **7%** remaining amounts to **\$1.03**, which has to cover all overhead, that is, clerical help, rent, utilities, technology, office supplies and all the other usual costs to run a business including compensating the executive director or owner-operator. In other words, looking at the math, most businesses can no longer provide companion care without losing money.

So, we have learned some agencies are opting out of providing companion. It has already meant **layoffs and a shift of care** from agency to agency, which can be very disruptive to a consumer, particularly one with dementia. Caregivers who work as companions are not always the same workers that can be

retrained to do more skilled or strenuous work of Personal Care Assistant or Homemaker. Coincidentally, the access agencies about 4 years ago began reclassifying some of what was once considered homemaker service to companion and are still moving services to be paid at the less costly rate. The CT Home Care Program for Elders annual reports of the last few years have indicated this cost-shift as more dollars are now being paid out for recipients of companion service than homemaker service.

Minimum wage hikes have incrementally increased all wages, even for those paying above minimum, as employers try to hire and retain a competent and caring workforce. These wage hikes created the necessity for those paying minimum wage to increase their wages, while only getting a small bump in their reimbursement rate.

For example, the January 2015 **45 cent** increase, a **5.17%** increase, will cost an additional **\$9000** for every **20,000 hours** worked. The **1 percent rate increase**, or **16 cents**, will bring in **\$3200** for those same **20,000 hours**, a **difference** of **\$5800**. While we appreciate the 1 percent during these difficult budget times, it did not cover the minimum wage increase or close the gap created by 7 years of no increases. When we consider that in the next two years, minimum wage is going to increase an additional 95 cents, the narrowing trend continues between wage hikes and reimbursements, and the ability for providers to continue their state work.

For the work that they do, our caregivers deserve to be paid a more fair and competitive wage. We worry about workforce shortages and don't know if the state has a plan going forward -- when many agencies will close their doors or cease their state home care contracts. We know these are tough budget times. We are taxpayers too. But, in order to continue this money-saving program, the state is going to need to look at the total cost to deliver these services.

Thank you for this opportunity to let you know that the provider agencies' priority is to keep caregivers employed and consumers in their homes, where they want to be.

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