

Labor & Public Employees Committee

Opposition to HB-5368 & SB-393

March 8, 2016

Good Afternoon Sen. Gomes, Representative Tercyak and other members of the Labor & Public Employees Committee. I am Joy Thompson, Director of Loving Care, Inc. I'm here today to speak in opposition to HB-5368 & SB-393.

Nurse Registries, also known as Referral Agencies, have existed in Connecticut for over 80 years now. The basis of this business model is the referral of independent care providers to individuals in need of short- or long-term care. The Nurse Registry industry has been instrumental in reducing the costs of government-funded programs by helping the elderly and disabled remain in their own homes and out of institutions.

Self-employed "Caregivers" who self-pay taxes are referred through Registries into private homes. Registries either receive a minimal fee from the client for the placement of caregivers or receive a small fee from the caregiver for the work opportunity. Caregivers work for clients they chose during hours that they are available. Registries serve in an administrative capacity, maintaining a pool of screened care providers and relaying basic information received from the client to the workers. This is the basis of Registry operations today, although the methods may vary slightly from one Registry to another.

HB-5368 & SB-393: These bills, if ratified, would eliminate the Registry business model. They would make Registries "joint employers" of the caregivers they place, thereby making them liable for overtime costs. This would totally undermine the ability of Registry clients to utilize available FLSA overtime exemptions available to individuals and families (but not available to employee-based Agencies). The detrimental impact this would place on Connecticut residents would be immeasurable. First and foremost, eliminating Registries would increase the already high cost of care to clients in need. This would bring enormous financial harm to many elderly, especially to those on fixed incomes.

Harmful Consequences: Many seniors and disabled individuals in Connecticut who could not afford more costly employee-based homecare agencies would be forced to either:

- Obtain limited, often insufficient Title 19 caregiver services or be placed in facilities with State-funded care sources at a much greater cost to the State; or

- Solicit caregivers on unregulated Internet sites or newspaper ads.

The elimination of the referral registry business model would NOT eliminate independent caregivers in CT. What it would do is:

- Force many caregivers to go underground, bypassing background checks and other protections provided by Referral Registries; increasing the potential for neglect, theft and abuse.
- Reduce compliance with Federal and State Income tax laws because most underground transactions would likely be conducted on a cash basis; and
- Cause independent caregivers to leave the market entirely at a time when demand is ever expanding.

Proponents of HB-5368 & SB-393 promote that all workers deserve workers' compensation benefits and unemployment insurance coverage. We respectfully disagree.

1. We recognize that the unemployment benefit system doesn't work well for the homecare industry where short-term caregivers (both Agency and Registry) usually enroll with multiple Agencies and/or Registries. These caregivers seek the next available assignment rather than working with a singular provider for an extended period of time. Other states, including Florida, specifically exempt Registries in this industry from their unemployment system for this very reason.
2. Workers' Compensation claims for unskilled caregivers are rare, but premiums are high in part because rates are based on an entire spectrum of caregivers, including skilled who perform much riskier work.

In summary, Registries provide the most cost effective homecare to individuals who can afford it the least. These savings can help to delay elderly consumers from entering the roles of Title 19 or going without care altogether.