

TESTIMONY OF MAGGIE DRAG,
OWNER OF EURO-AMERICAN CONNECTIONS, LLC,
IN OPPOSITION TO HOUSE BILL-5368
AAC HOMEMAKER SERVICES AND HOMEMAKER COMPANION AGENCIES

Good afternoon, Senator Gomes, 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. 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**, to find independent work with individuals needing care.

They also allow seniors to safely remain in their homes, surrounded by memories and personal possessions, but at a **lower cost than employee-based Agencies**. I'm sure everyone in this room would want the choice of living their last few years in the comfort of home versus a nursing home or hospital.

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 oversight of our segment of the homecare industry. For example, we have introduced Occupational Accident Insurance in response to concerns about homeowner risk if a caregiver has an accident. This insurance is used in many states to address this very issue.

House Bill 5368 that you are considering today **would kill the Registry business model**. It would do this by incorrectly defining a **Referral Registry as the "employer"** of all of the caregivers that it refers, making it **liable for wages, workers compensation and unemployment insurance**. The Legislature is being pulled into a **"turf war"** between homecare Agencies and Referral Registries. Many Agencies want to destroy the registry based model because **Registries are their significantly lower-priced competitors**.

The Federal Department of Labor issued new Fair Labor Standards Act (**FLSA**) **Regulations**, effective in October, 2015, that **require employee-based Agencies**, for the first time, to pay **minimum wage and overtime to all caregivers**. These changes have pushed the cost of live-in care at some employee-based Agencies to over **\$300 per day**, which is unaffordable to most people. **These Regulations, however, still allow individuals and families to take advantage of exemptions from paying overtime, and Registries can help them do that, making Registries even more critical to CT's elderly.**

For example, our Registry has created a **Comprehensive Independent Homecare Program**, where live-in caregivers that we place with our clients work as employees of the

client, not independent contractors. A third party payroll company assists the client with all of administrative requirements of having an employee. All of these employee caregivers are bonded and have general liability insurance, unemployment coverage and either workers comp coverage or accident insurance. The total cost of live-in care under our Program is generally the same or less than what our clients used to pay for Agency provided live-in care (and 30% to 50% less than what Agencies must charge today).

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 homecare 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. We pay for workers compensation, unemployment insurance and liability insurance, as well as supervise our caregivers in the field. **The cost to the consumer is much higher than our Registry**, for the above stated reasons, and we have found that 48% of our Agency's potential clients turn away because the cost of services is too high.

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, **need the less expensive Registry model.** **Sole Proprietor Independent Caregivers**, who want or need more control over their schedule and which clients they accept, **should have the right to forego the protections of workers comp and unemployment insurance, in exchange for higher compensation.** On the other hand, caregivers in our employee-based Agency receive these benefits, but they **earn less than the caregivers that we place through our Registry.**

Keeping live-in care more affordable allows CT seniors to stay in their homes longer. A recent study by the CT Economic Resource Center found that **CT could save \$657 million in the next 10 years by continuing its shift from institutional care to home and community based care.** If HB-5368 is passed, and Registries are not allowed to exist, the result will be that many CT consumers will 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 not pay any taxes and to take advantage of seniors**, or
- (2) Not be able to stay in their homes, and have to go into facilities under **Title 19** at an **ENORMOUS COST TO THE STATE.**

Either of these 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 5368, and not kill the affordable Registry business model in CT.

Thank you for allowing this time for me to testify.