



TESTIMONY

Submitted by Deborah R. Hoyt, President and CEO
The Connecticut Association for Healthcare at Home

Labor and Public Employees Committee
Public Hearing

March 7, 2019

IN OPPOSITION OF:

S.B. No. 2 AN ACT INCREASING THE MINIMUM FAIR WAGE.

H.B. No. 5004 AN ACT INCREASING THE MINIMUM FAIR WAGE.

H.B. No. 7191 AN ACT INCREASING THE MINIMUM WAGE.

Good afternoon Senators Kushner and Osten, Representatives Porter and Hall and honorable Members of the Labor and Public Employees Committee.

My name is Deborah Hoyt, President and CEO of the CT Association for Healthcare at Home. The Association is the united voice for Connecticut's licensed (medical) home health and hospice agencies who collectively employ a workforce of 20,000 nurses, therapists, home health aides and professional staff that provide cost-effective, person-centered in-home healthcare for Connecticut residents in the setting they prefer most – their own homes.

We are OPPOSING a minimum wage increase as home health agency revenue is fixed and/or declining and already lower than the cost to deliver care. Medicaid reimbursement to Home Health Agencies has been inadequate for more than a decade. With the current State Budget situation, we have been told that Medicaid provider rate increases are not feasible. A rate increase of 22% would be required to catch up for the last 5 years of cuts and unfunded DSS mandates to home health agencies. A mandated wage hike to \$15 would further the financial decline of our provider sector.

Home-based care is a SAVINGS vehicle for the State. According the Dept. of Social Services (DSS), The CT Home Care for Elders Program saved \$360-Million last year alone by keeping Medicaid clients' chronic conditions managed and out of hospital emergency rooms and nursing facilities.

Home health agencies serve the State's 800,000 Medicaid clients as well as senior adults on Medicare and people of all ages with commercial health insurance. Home health and hospice is a growing industry offering rewarding careers in all 169 CT towns and cities.

The future of our provider sector is already threatened due to longstanding inadequate reimbursement and unreimbursed care. Adding any additional financial mandates such as increasing wages to employees, will result in agency closures, discharge of Medicaid clients (due to below-cost reimbursement) and a reduction in the \$360-Million in annual savings the State budget depends upon.



Home health aides and other valuable community-based workers deserve higher wages, however, in the absence of a state Medicaid reimbursement increase to offset the proposed minimum wage increase, the agency-based provider safety net is not sustainable. Agencies will opt-out as Medicaid providers and Medicaid clients will find it increasingly more difficult to access cost-effective home-based care.

Combined with other costly legislative proposals such as tolls and mandated FMLA, the increase in operational costs will be unsustainable.

For example, one CT home health agency calculated that 13,456 hours per year are paid to workers currently making \$10.10 per hour. To increase wages for these workers to a new \$15 minimum, it would cost the home health agency \$65,934 per year.

Another home health agency said that 133,598 paid hours per year go to workers making under \$15 per hour. To bring these workers up to a new minimum of \$15 per hour, it would cost the agency \$358,081. This agency has no other revenue source to make up this wage payment shortfall and will need to significantly reduce their workforce and reduce the number of clients served.

FMLA and reimbursement to workers for tolls traveled to perform their daily home-based care to CT residents will further burden the financial condition of agencies. Please consider the service businesses that have no control to increase revenue through price hikes to customers when making your decision to implement the \$15 minimum wage.

Thank you for the opportunity to express the negative implications a \$15 minimum wage would have on home health and hospice agencies. Feel free to contact me with any questions.

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