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March 9, 2023 Hearing Before the U.S. Senate Special Committee on Aging
"Uplifting Families, Workers, and Older Adults: Supporting Communities of Care"

Thank you, Chairman Casey, Ranking Member Braun, and Members of the Committee, for the opportunity to testify on the importance of investing in the home care workforce and supporting communities of care.

My name is Kezia Scales, and I am the Vice President of Research and Evaluation at PHI, a New York-based national nonprofit organization that works to transform eldercare and disability services by promoting quality direct care jobs—including home care jobs—as the foundation of quality care.

For more than three decades, PHI has been the nation's leading expert on the direct care workforce through our research, policy analysis, and direct consultation with policymakers, payers, providers, and workers—providing a unique 360-degree perspective on the long-term services and supports (LTSS) system and its workforce in the United States. Over the years, we have also designed a broad range of groundbreaking workforce interventions that optimize and elevate the role of direct care workers through training, advanced roles, enhanced supervision, and more. Throughout our history, PHI has worked successfully at the state and federal levels to promote bipartisan policy initiatives that improve job quality and build this workforce.

My own research and advocacy on this workforce began about 15 years ago when, as a new researcher, I was hired to conduct an ethnographic study of direct care. Through months of participant observation, I experienced firsthand the complex skills that this work requires, and I witnessed its immeasurable impact on individuals' health, wellbeing, and quality of life. I also saw how difficult it was, and is, for direct care workers to make a living even as they support the lives of others. Improving the recognition of and investment in this essential workforce has become my life's work.

I will begin my testimony by describing the direct care workforce, focusing on the home care workers who are the priority for this hearing. From there, I will attest to the systems-level benefits of greater investment in this workforce, lifting up the Better Care Better Jobs Act as a model for driving the transformative changes that are needed.

An Essential and Expanding Workforce

According to PHI's analysis of employment data from the Bureau of Labor Statistics, more than 2.6 million home care workers (primarily home health and personal care aides) assist millions of older adults and people with disabilities across our country every day.[1] Home care workers comprise more than half of the total direct care workforce, which also includes those who are employed in residential care communities, skilled nursing homes, and other settings. Altogether, the direct care workforce is larger than any other single occupation in the United States.

Home care workers enable members of our families and communities to live and age in place. They provide support with necessary daily activities, such as bathing, dressing, using the toilet, and eating. They assist with meal preparation, housework, and grocery shopping. They help their clients schedule and attend appointments, manage medications, monitor chronic conditions, and identify changes of status or circumstance that may need intervention. They promote independence, help overcome social isolation, facilitate paid employment, and serve as a key link among individuals, family members, and health care and social service providers. In many cases—as seen in sharp relief during the COVID-19 pandemic—they serve as a lifeline for their clients.

Given our aging population and the overwhelming preference for receiving LTSS at home,[2] the home care workforce more than doubled in the previous decade—adding nearly 1.5 million new jobs from 2011 to 2021.[3] Looking ahead, this workforce is expected to require nearly a million more new workers (from 2020 to 2030), which is more absolute growth than in any other occupation in the country. When also accounting for home care positions that will become vacant as existing workers leave this workforce or exit the labor force altogether, 4.7 million total job openings will need to be filled in home care during the same decade.

Poor Job Quality is Driving a Workforce Crisis

Notwithstanding these workforce projections, home care agency providers and individual consumers are *already* struggling to recruit and retain home care workers.[4] Annual turnover in this workforce is consistently high, estimated at 64 percent in 2021.[5] National data on the workforce shortage are not available, but one analysis found significant differences in the supply of personal care aides relative to potential need across the country, particularly in rural areas and in the South.[6] And in a recent Harris Poll survey commissioned by CVS Health, nearly 7 in 10 family caregivers of older adults reported a shortage of paid caregivers.[7]

The problem is partly demographic. From 2016 to 2060, the population of adults over the age of 65—more than half of whom are projected to need LTSS[8]—is expected to nearly double from 49.2 million to 94.7 million.[9] At the same time, the population of adults age 18 to 64 is expected to remain relatively static, which means that the ratio of potential caregivers to those who might need care is steadily decreasing.

But the problem is also structural—and that part is fixable. Home care jobs—fulfilled primarily by women, people of color, and immigrants—are consistently poor-quality jobs. The median hourly wage for home care workers was just $14.09 in 2021 and, due to low wages and high part-time employment rates, median annual personal earnings were estimated at just $19,100 in 2020 (the most recent year of data available in each case).[10] Because of low wages, 43 percent of this workforce live below 200 percent of the federal poverty level, 36 percent are housing cost-burdened (i.e., spend more than a third of their total household income on housing-related costs), and more than half (53 percent) access some form of public assistance, like Medicaid, food and nutrition assistance, and/or cash assistance. Less than 2 in 5 home care workers hold employer- or union-sponsored health insurance.

Home care wages are not living wages, nor are they competitive. According to PHI's analysis, the median wage for direct care workers (including home care workers, the lowest-paid segment of this full workforce) in every state falls short of the median wage for all other occupations with similar or even lower-entry level requirements.[11] The difference ranges from about $1.50 to as much as $5.00, depending on the state.

Home care jobs are also characterized by insufficient training, few career development opportunities, limited supervision and support, and an overall lack of respect and recognition.[12] Taken together, these challenges drive existing and potential home care workers into more viable employment options and career pathways in other industries—leaving home care employers struggling to maintain services, and consumers and families without the support they desperately need.

The Net Benefits of Investing in Home Care Jobs

Investing in home care jobs—including in wages, benefits, training, and other job quality elements—is a critical strategy for stabilizing and strengthening this workforce to meet the ever-growing need for home care services.

A living wage for home care workers could lift existing workers out of poverty and financial precarity—while also helping address the structural, intergenerational inequities that impact the women and people of color comprising this workforce.[13] Beyond the beneficial impact for workers and their families, this investment would also yield a reduction in public assistance expenditure. A recent report from LeadingAge, a national association representing nonprofit aging services providers and other mission-driven organizations, estimated that raising direct care wages to a living wage in 2022 would reduce the use of public assistance programs among these workers by nearly 17 percent, equating to public savings of $1.6 billion.[14]

Higher wages and better benefits would also make home care jobs more attractive to new job seekers, which is a necessary step toward building the pipeline into these jobs and filling workforce gaps. Home care agencies would see a reduction in the high costs of recruiting new workers, managing turnover, and paying contract staff—enabling them to spend more on job quality and care quality.

A more stable and sufficient home care workforce would also help overcome service gaps and ensure continuity and quality of care for consumers. This outcome would be invaluable for those who require paid support to live their daily lives with independence, dignity, comfort, and safety—but there is enormous potential value for our health and LTSS system as well. On balance, the evidence indicates that home care can help maintain optimal levels of health and function while preventing or delaying more costly outcomes such as emergency department visits, hospitalizations, and early nursing home admissions.[15] Because home care workers have historically been overlooked by researchers as well as policymakers (with key exceptions), their specific role in achieving these quality outcomes and cost savings still requires research. Nonetheless, it is clear that they perform a wide range of health-relevant tasks and, especially with targeted training and better integration into the care team, can make a measurable difference.[16]

Family caregivers will also benefit from investments in the home care workforce, which in turn will benefit our economy overall. Nationally, more than 53 million family members (and neighbors, friends, and other individuals)[17] contribute an estimated $470 billion annually in unpaid care.[18] Among these unpaid caregivers, the majority report having experienced at least one change in their own employment situation due to caregiving, such as reducing hours, taking time off, foregoing a promotion, or giving up paid work entirely. Approximately half report negative financial outcomes such as increased debt, loss of savings, late or unpaid bills, and more. With more paid care available for respite and ongoing assistance, unpaid caregivers could continue supporting their loved ones without reducing their own economic productivity or financial security.

Finally, investment in the home care workforce—one of the largest but lowest-paid occupations in our country—could stimulate consumer spending and support economic growth overall. The LeadingAge analysis cited above also estimated that paying direct care workers at least a living wage would add $17 to $22 billion to local economies from 2022 to 2030 as these workers spend their additional income on food, housing, health care, transportation, personal items, and other necessities—generating up to 86,000 new jobs in other sectors of local economies. This potential benefit holds true in the current economic context, as economists have shown that while minimum wage increases have a nominal impact on inflation,[19] low-income households themselves are particularly vulnerable to inflation, given the focus of their spending on household necessities.[20]

The Promise of the Better Care Better Jobs Act

Because Medicaid is the largest payer for LTSS, including home and community-based services (HCBS),[21] Medicaid is the best vehicle for making immediate and industry-wide improvements in home care access and job quality.

The Better Care Better Jobs Act exemplifies the potential for federal leadership to compel transformational change through Medicaid.[22] Through this legislation, states would be eligible for a permanent 10-percentage point increase in the federal match for Medicaid HCBS, plus enhanced administrative funds. This investment would help sustain the progress that states have already made with enhanced HCBS funding through the American Rescue Plan Act.[23]

Three elements of this robust legislation deserve highlighting. First, the Better Care Better Jobs Act includes a funded obligation for states to develop “HCBS infrastructure improvement plans” that outline how they will invest the additional funds. This provision creates a historic opportunity for states to strategically develop their HCBS programs and workforces—with meaningful public input—rather than (by necessity) responding in ad hoc ways to growing and evolving population needs.

Second, the Act recognizes the indivisibility of job quality and service delivery—prioritizing the workforce investments that are needed to actualize all other HCBS improvement goals. To receive the enhanced federal funds, states will have to regularly assess and update their HCBS reimbursement rates to cover workforce recruitment and retention costs, as well as ensure that rate increases benefit workers directly. They will also be required to strengthen training and credentialing opportunities for both paid and unpaid caregivers, and will be eligible to receive additional funds to establish or strengthen their self-direction programs and related supply of "independent providers" (i.e., workers directly employed by consumers through these programs).

Finally, by requiring states to evaluate and report their successes in increasing the availability of HCBS, reducing disparities in access, and reaching competitive wage and benefit levels for home care workers, the Act will also ensure accountability in the use of public funds *and* help build the critically needed evidence base on effective HCBS policymaking. All of these elements would be strengthened by the passage of the HCBS Access Act, which—by making HCBS a mandatory benefit, among other provisions—would put HCBS on equal footing with other LTSS settings, such as nursing homes.

Conclusion

Investment through Medicaid is not the only solution to the home care workforce crisis. Home care workers and working family caregivers alike urgently need access to paid sick leave and paid family and medical leave, so that they can afford to take time off without sacrificing their employment opportunities. Immigration reform is needed to strengthen the pipeline into home care jobs and to protect the rights and safety of immigrants within the existing workforce. Targeted funding is needed to develop new approaches to workforce recruitment, retention, training, and advancement—and test their impact on service access, quality, and cost. But the Better Care Better Jobs Act is momentous in providing the leadership, funding, and technical assistance that states need to strengthen home care services and to improve home care workers' job quality and economic security. For these reasons, we urge Congress to pass and fully fund this legislation, for the benefit of everyone who has a stake in a strong, sustainable home care system—which is every single one of us.

Notes

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