
CONSUMER WORKFORCE COUNCIL

Joint Public Hearing of the
Senate Labor and Industry Committee
and the
Senate Aging and Youth Committee

Testimony Of

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Good morning Chairperson Gordner, Chairperson Vance, Chairperson Tartaglione, Chairperson Washington, members of the Senate Labor and Industry Committee and members of the Senate Aging and Youth Committee.

I am Sandi Vito, Secretary of the Department of Labor & Industry. With me this morning are my distinguished colleagues and fellow Cabinet members Estelle Richman, Secretary of the Department of Public Welfare and Michael Hall, Secretary of the Department of Aging. We want to thank the Committees for conducting this joint public hearing, and for inviting us to participate and testify.

The issue of long-term living is a critical issue in Pennsylvania – it is a critical issue to those persons who may require assistance or services to meet their daily needs; it is a critical issue to those persons who provide that care or assistance; it is a critical issue to the agencies who provide that care and assistance; and, of course, it is a critical issue to the entities that pay for the services and assistance.

To set the stage for our discussion today, let me list several key points or principles that we believe will help us to have a meaningful discussion. I will then say more about each of them, how they are interrelated and interconnected.

Pennsylvania has one of the nation's most rapidly growing populations of elderly persons, and a large number of persons with physical disabilities who require services or assistance to carry out their activities of daily living. You all know that the Medicaid budget is a very large part of the Commonwealth budget, and long-term living is a very large part of that Medicaid budget. In Pennsylvania, we are currently spending more than \$3.5 billion annually on Medicaid-funded long-term living services for approximately 111,000 consumers. Since 2000, Pennsylvania's over 85 population has grown by 25 percent, and by 2020, one quarter of our population will be over 60. This issue requires everyone's attention.

Second, it is clearly the wish of Pennsylvanians and the intent of this Administration to balance our long-term living system, away from services provided primarily in nursing facilities to services provided in people's homes. For much too long, the system has been out of balance with the preponderance of public spending for long-term living services and assistance being used for care in nursing facilities. Over 80 percent of Pennsylvania's long-term care dollars support consumers living in nursing facilities, with the remainder being used for home- and community-based services. For decades it has been clear, and a recent survey by the Office of Long-term Living again confirmed, that 92 percent of Pennsylvanians would choose to stay at home to receive their long-term care and services. We are committed to balancing the system in response to what Pennsylvania consumers have been asking for. We also must balance our system so that Pennsylvania taxpayers are not unnecessarily burdened with supporting our aging and disabled population in nursing facilities where services can cost between two and three times more than they cost in the community – we literally cannot afford to fail.

Third, Pennsylvania long-term care consumers, family members and advocates have made it clear that they would like to choose not only *where* they receive their care and services, but also when, how and by whom. Our belief is that consumer choice and consumer direction will become more important with the aging of the baby boomers, whose expectations about quality of life and service are quite different from those of the so-called "silent generation." Here too the Administration has made a commitment to bring our services in line with what consumers demand.

Finally, Pennsylvanians have requested – and this Administration is committed to creating – a reliable and retainable workforce that can serve the growing needs of older persons and people with disabilities in the long-term living system. The population in need of service is ballooning at exactly the same time that our population of traditional caregivers – women between the ages of 25 and 45 not otherwise employed – is shrinking. By 2020, our seniors and people with disabilities will together require three times the amount of outside-the-family care as they need

now. Given this coming demand, it is not encouraging that we already face a caregiver shortage that numbers in the thousands. A recent Department of Aging survey reveals what anyone who uses home care has been telling us anecdotally: there are severe recruitment and retention problems in the home care industry and, at any given moment, less than half of our home care workforce has a year or more on the job.

We must look to expanding and stabilizing our home care workforce, and we must acknowledge that balancing our system and providing consumer choice and direction means paying some attention to caregivers. We must make quality jobs and loving care the norm, bad jobs and low-quality care the exception.

My colleagues and I are appearing jointly today because the issue involves each of our departments. My focus, as it has been since I began work in the Department of Labor & Industry is on the workforce. However, let no one misunderstand, there is a clear interrelationship between the departments on the subject of long-term living including the funding, policy making, service provision and workforce issues.

In order to balance the long-term living system, address consumer choice and provide a reliable workforce, all of us will have to work together, and we are going to have to make some changes. The Consumer Workforce Council, or CWC, proposes such a change, and we believe there are many reasons to support its creation.

So, what is the CWC and what does it do?

For those of you are not completely conversant with our long-term care system, it is important that we start by clarifying the difference between agency care and consumer-directed care. Home care is often provided to seniors and people with disabilities by home care agencies. The commonwealth has long promoted, and will continue to promote, agency care. We have close to 800 home care agencies in Pennsylvania and they do extremely important work. In many ways, we have made

important progress in balancing our system during the past years because of the care provided by agencies.

That said, the Consumer Workforce Council is not about agencies, the work they do, or the people they serve. The Consumer Workforce Council is about our second model of community care, the consumer-directed or consumer-employer model.

The consumer-directed care model permits consumers to direct their own care by hiring persons from their community or from a registry. Under the consumer-directed care model, the consumers hire, schedule and oversee the care provided, and they can dismiss their caregivers for any reason they choose. This model has been in operation in Pennsylvania for over 20 years, and while it does not – and never will – appeal to all consumers, it is the model of choice for many younger people with disabilities and many seniors who prize consumer control.

It is an aim of this Administration – and our departments – to extend the consumer-directed option to any person who prefers it. It is worth noting that the consumer-employer model of care is not only less expensive than nursing facility care, but is also somewhat less expensive than agency care.

The workforce crisis presents itself differently in the consumer model than in the agency model. In some ways, recruitment and retention are easier in the consumer-directed model, because the elderly or persons with disabilities can often effectively recruit neighbors or relatives to assist with their care who do not wish to become employees of a traditional home care agency. In other ways, the workforce crisis in the consumer-model segment of our long-term care system is particularly challenging, since many traditional remedies are currently unworkable. That is because today, consumer-employed caregivers do not have an organization to aggregate them.

Given this existing structure or employment relationship, it is difficult to implement effective workforce development plans or offer these workers benefits that are enjoyed by every other health care worker, including nursing facility workers. For example, cost effective and adequate health insurance for more than just basic catastrophic care is not available for these workers, unless we create an entity that can be considered, for limited legal purposes, an umbrella employer for these caregivers.

In order to have a successful consumer-directed home care program for the elderly and persons with physical disabilities, the systems of recruiting, retaining, training and referring qualified direct care workers need to be improved. However, we must ensure that these improvements do not undermine in any way the consumer control that makes the consumer model attractive in the first place.

Therefore, whatever we create must continue to put consumers in the driver's seat. It is within this context that a Consumer Workforce Council, or similar entity, is being proposed.

A council, or similar entity, would help solve several critical problems facing consumers who wish to use a consumer-directed model. A council would:

- Protect and support the strong relationship between direct care workers and consumer employers;

- Connect consumer employers to qualified caregivers through a comprehensive voluntary registry;

- Provide additional back-up service options so consumers are not without a caregiver. This will also help a consumer's regular worker to take needed vacation or sick days;

- Offer caregivers the support and training they may need to do the job they have chosen to do; and

Allow caregivers to come together for better wages and benefits, so they can continue doing the work they enjoy.

Additionally, there are a few items we need to underscore as part of our discussion.

The Consumer Workforce Council is not a service provider. It brings together consumers as a board and caregivers – under a legal umbrella – who are already enrolled or working in already existing and already funded Pennsylvania waiver programs so they may tackle urgent workforce issues;

We believe strongly in protecting and supporting a strong relationship between direct care workers and consumer employers. That includes preserving and strengthening the consumer's right to select, hire, directly train, schedule, supervise and terminate any person providing services to the consumer who is being paid with public funds;

We will ensure that consumers will be a majority of any council governance structure;

We want to achieve fair wages, health care and other benefits for workers who are consumer-directed;

We respect the rights of workers to organize and bargain collectively, should they choose to do so; and

If workers organize or choose to join a labor organization, they will not be allowed to strike or carry out work stoppages.

A fair question to ask is whether a similar concept has been tried in other states and has it been successful. The answer is that other states including California, Washington, Oregon, Michigan and Massachusetts have each developed a model

specific to their state and their long-term living system. We believe that such a strategy helped these states to rebalance their systems because the initiative helped to ease the workforce crisis.

Academic studies of wage and benefit improvements in home care programs under this concept found that in parts of California workforce turnover fell 57 percent over a five-year period; the supply of workers increased by 54 percent and home care service recipients reported greater satisfaction with their care and their worker following the wage and benefit improvements. Oregon and California have nursing facility to home care ratios that are the opposite of ours.

Since the concept of an entity like the Consumer Workforce Council was first proposed, there has been a great deal of discussion, debate, questions about operation, administration, cost and sometimes misunderstanding and misinformation. This is to be expected.

However, we would like to make it clear that no decisions have been made, no agreements have been signed and the discussion continues.

We have actively sought comment and presented information when requested. We will continue to do so, because it is essential to the development of a successful model that meets the specific needs of Pennsylvania's consumers and workers.

Thank you for holding this hearing and for inviting us to testify today.