

MEMORANDUM

To: Senate Democratic Caucus
From: Senator Bob Casey
Re: Urgent Need to Fund Long-Term Care/Medicaid Home-Based Services
Date: May 24, 2022

As our caucus considers priorities to include in a 2022 reconciliation bill, this memorandum outlines the urgent need to fund Medicaid home and community-based services. A significant investment is needed to:

- Lower costs for American families struggling with inflation;
- Get family caregivers back to work;
- Create family-sustaining jobs for home care workers;
- Provide quality, cost-effective services; and
- Grow our economy.

Millions of families are shouldering the exorbitant costs of long-term care. A family paying for home care pays over \$60,000 annually¹ and Americans spend more than \$60 billion out-of-pocket on long-term care.² Families across the country are silently struggling to solve the same problem: to find reliable care that allows seniors and people with disabilities to live independently while paying higher prices for gas and groceries. These challenges hurt more than just families; an underinvestment in caregiving hurts our economy. Without access to caregiving for a loved one, many people are forced to leave the workforce to care for their aging parent or a family member with a disability.³

The Senate Must Be Responsive to Families and Workers. In March 2021, the Biden Administration called for a historic investment in long-term care, building on the Medicaid program's home and community-based services infrastructure and the investment Congress made in the American Rescue Plan. In June 2021, 40 U.S. Senators introduced the Better Care Better Jobs Act (S. 2210). The Better Care Better Jobs Act would expand access to services for seniors with disabilities. It would also lift up home care workers and transform the lives of people of color, who make up 63 percent of this workforce, many of whom are women.⁴ This bill served as the basis for negotiations on a reconciliation bill.

Since its introduction, more than 800 state and national organizations representing older Americans, people with disabilities, labor unions, home care providers, health insurers and more have voiced support for the Better Care Better Jobs Act.⁵ Their support has not wavered. In March 2022, more than 700 individuals and organizations submitted statements to Congress calling for a robust investment in home and community-based services.⁶ This month, more than 200 organizations—including AARP, SEIU, Little Lobbyists, Be a Hero and Families USA—

¹ [Genworth. \(2022\) Cost of Care.](#)

² [Congressional Research Service. \(2021\) Who Pays for Long-Term Services and Supports?](#)

³ [Washington Post \(2022\). Caring for aging parents, sick spouses is keeping millions out of work.](#)

⁴ [PHI. \(2021\). Direct Care Workers in the United States: Key Facts.](#)

⁵ [Senate Special Committee On Aging \(2022\): More than 800 Supporting Organizations](#)

⁶ [Twitter Account for Senator Bob Casey on March 28, 2022](#)

wrote to Senate Leadership to “express our strong and unified support for including a robust investment...in the next legislative package.”⁷

A significant investment in home and community-based services will reach into every community, providing financial relief to families supporting a loved one. Americans resoundingly affirm the need for this investment. According to recent polling, *87 percent* of respondents support policies to provide “affordable long-term care to seniors and people with disabilities,” making it the *most popular* among all reconciliation provisions referenced.⁸

The Senate Must Act to Invest in Home-Based Services. A significant investment in home-based care is necessary *now*. The reasons are many but the following are paramount:

- An investment will enable families to improve their economic security;
- Home care is fiscally responsible at all levels of government;
- It will improve worker wages and create new, family-sustaining home care jobs; and
- It will help states stabilize and ensure quality of care for millions of Americans.

Families are crushed by the demands placed on them to care for their loved ones, and *over 53 million Americans are providing care to family members*.⁹ Those caregivers are either paying out-of-pocket for services or leaving jobs and decreasing their family income. Without an investment in home-based services and the home care workforce, families will continue to face the hard decision to leave jobs or stay at home, worsening their economic situation.

In addition to helping families, an investment in home-based care is good for the country. *The average cost of care through home-based care is approximately \$26,000 a year, compared to roughly \$90,000 or more for nursing home or other institutional care*.¹⁰ Economists support the expansion of home-based care. In September 2021, Moody’s Analytics stated that an investment in home-based care would help to *expand the economy*.¹¹ Regarding the inclusion of this policy in reconciliation, Moody’s says, “The legislation is also specifically designed to ease the financial burden of inflation for lower- and middle-income Americans by helping with the cost of childcare, eldercare, education, healthcare and housing for these income groups.”¹² Moody’s also finds that an investment in home-based care will *expand the job market*, especially for women and communities of color.¹³ Over 100 economists agree with that assessment,¹⁴ and the Congressional Budget Office (CBO) determined similarly in November 2021.¹⁵

⁷ [Senate HCBS Letter to Leaders Schumer and McConnell \(2022\)](#).

⁸ [Data For Progress \(2022\). Voters Continue to Overwhelmingly Support President Biden’s Investment Package.](#)

⁹ [AARP and the National Alliance for Care Giving. \(2020\). Caregiving In the U.S.](#)

¹⁰ [MACPAC. \(2018\). Medicaid Home- and Community-Based Services: Characteristics and Spending of High-Cost Users.](#); Genworth (2020). Cost of Care Survey.

¹¹ [Zandy, M. and Yaros, B. \(2021\). Macroeconomic Impact of Expansion of Home and Community-based Service Moody's Analytics.](#)

¹² [Zandy, M. and Yaros, B. \(2021\). Macroeconomic Consequences of the Infrastructure Investment and Jobs Act & Build Back Better Framework. Moody's Analytics.](#)

¹³ [Zandy, M. and Yaros, B. \(2021\). Macroeconomic Impact of Expansion of Home and Community-based Service Moody's Analytics.](#)

¹⁴ [Senate Special Committee On Aging \(2021\) More Than 100 Economists and Experts Urge Robust Investment in Home and Community-based Services.](#)

¹⁵ [Congressional Budget Office \(CBO\) \(2021\) Economic Effects of Expanding Home- and Community-Based Services in Medicaid.](#)

An investment in home-based care will also benefit the economic health of workers. At the start of the pandemic, the average wage of a home care worker was approximately *\$12 per hour*.¹⁶ Many of these workers lack basic benefits, like health care. Their work is undervalued and they are underpaid. Many want to join a union to better negotiate their pay, benefits and working conditions. Throughout the public health emergency, the home care workforce has steadily deteriorated, as the vacancy rate for workers has risen by 45 percent.¹⁷ This is because workers are leaving the profession to care for their own family members or to take other jobs with higher compensation and fewer demands. Home care workers deserve a family-sustaining wage, and *better compensation reduces turnover*, lowers job vacancy rates and increases the continuity of care and support to older adults and people with disabilities.

The Senate Must Avert a Dire Funding Cliff. There is nationwide recognition that home and community-based services are the future of long-term care. All 50 states and the District of Columbia applied for enhanced funding provided through the American Rescue Plan, enabling them to invest in home and community-based services and the workforce.¹⁸

These service expansions and workforce investments are important strides in meeting the long-term care needs of Americans. However, the American Rescue Plan’s funding is temporary, and only lasts through 2024. *States need reliable and sustained federal resources to commit to long-term changes.*¹⁹ Without a permanent investment, states will need to reverse or significantly scale back the service expansions and workforce improvements they have achieved—including wage increases—leaving many Americans without services and leaving home care workers with no choice but to leave the field for other jobs that will enable them to support their families.

The Senate Must Act Now. By investing in caregiving, specifically care and services for seniors and people with disabilities, Congress will strengthen our economy by *helping people get back to work*. It will give family caregivers the peace of mind that their loved ones are being cared for—allowing them to return to the workforce—and it will begin to address the untenable costs of long-term care for families. By giving home care workers a much-needed raise, Congress will invest in this essential workforce and give them the opportunity to better support their own families and communities. Finally, investing in caregiving will allow seniors and people with disabilities to receive care and services in their own homes and communities, where they overwhelmingly prefer to be.

The immediate need for a substantial investment in Medicaid home and community-based services is clear. The 2022 reconciliation bill must include this vital investment.

¹⁶ U.S. Bureau of Labor Statistics. (2020.). 31-1120 Home Health and Personal Care Aides.

¹⁷ United Cerebral Palsy and the ANCOR Foundation (2022). [The Case for Inclusion 2022: Blazing Trails to Sustainability for Community Disability Services.](#)

¹⁸ Centers for Medicare & Medicaid Services. (2022). [Strengthening and Investing in Home and Community Based Services for Medicaid Beneficiaries: American Rescue Plan Act of 2021 Section 9817 Spending Plans and Narratives.](#)

¹⁹ ATI Advisory. (2021). [A Blueprint for Reforming Medicaid Long-Term Services and Supports and Creating Good Caregiving Jobs.](#)