AREA AGENCIES ON AGING
ASSOCIATION OF MICHIGAN

Testimony on Michigan's Direct Care Workforce Crisis

House Appropriation Subcommittee on Health and Human Services
Representative Mary Whiteford, Chairperson
December 1, 2021

Thank you, Representative Whiteford and Members of the Subcommittee for your focus on the direct care workforce crisis. My name is David LaLumia, and I am the executive director of the Area Agencies on Aging Association of Michigan. We represent all 16 AAAs who serve and support older adults and persons with disabilities throughout our state.

The shortage of direct care workers affects the aging network, as it does for all healthcare and human services. The pandemic has accelerated this crisis as there is a dramatic spike in demand for home and community-based care, nutrition, and meals, addressing social isolation, supporting caregivers and other aging network services. AAAs administer the Medicaid MI Choice program. This successful program serves more than sixteen thousand Michiganders who have been determined to be eligible for a nursing facility level of care. The program provides a range of services and supports that help beneficiaries stay at home. Last month, enrollment in the MI Choice program hit an all-time high. In the FY2022 MDHHS budget, this Subcommittee supported a much-needed increase in MI Choice capacity. Thank you for addressing this pressing need.

Without a qualified direct care workforce, however, the aging network will not keep up with demand. The current wage inflation adds to this challenge. Everyone is scrambling to find a way to be more competitive with rising wages in local fast food and retail jobs. Unlike the private sector, however, we cannot raise the price of a cheeseburger to cover higher labor costs. Until more permanent solutions are implemented, many AAAs are financing increasing labor costs by using reserves or tapping fund balances to remain wage competitive and maintain essential services. This is not a long-term solution to the current labor shortage.

We agree with the solutions identified by the Impart Alliance which include:

- Raising wages and benefits.
- Guaranteeing sufficient hours.
- Increasing respect through culture change.
- Professionalizing the workforce through quality standards, and training.
- Creating career pathways through credentialing which is portable across all populations, programs, and payers.

We support the Impart Alliance proposal to build a sustainable training infrastructure. Raising wages is critically important and should remain a high priority. We thank this Subcommittee for your support of the permanent $2.35/hour wage increase included in the FY2022 budget. We also need an infrastructure to support a stable, high-quality workforce. Financing this infrastructure proposal is an ideal use of federal American Rescue Plan Act (ARPA) funding and we encourage you to include this proposal in the supplemental bills you will be considering.

Finally, while the wage increase is now part of the permanent funding base, AAAs and provider organizations report difficulties in administering the tracking and reporting requirements associated with the increases.

- Both Medicaid and the Bureau of Aging, Community Living, and Supports (ACLS) each issue their own guidance on payment of the wage increase. If an eligible DCW is caring for a Medicaid beneficiary, their increase is paid according to the Medicaid guidance. If the same worker is providing services funded by the Older Americans Act (non-Medicaid), the wage increase is paid from a different source with different tracking and reporting requirements. If the same DCW is caring for a person referred by the VA or by the local senior center, or a private pay case, there is no hourly pay increase for that time worked. In many cases, AAAs are funding pay increases for these workers that fall outside the Medicaid and ACLS programs.
- The hourly rate increase is paid in fifteen-minute increments and is applied to a worker's wages based on the type of service, the funding source of the person served, and the amount of service provided. All of this must be documented and reported.
- The wage increase must be reported separately from base pay on all payroll documents including on each individual DCW's pay stub.

All of this results in a confusing and expensive administrative burden. It has resulted in thousands of hours of administrative time spent by AAAs, aging network, and other Medicaid providers. When these pay increases were temporary and time limited, this degree of reporting and tracking may have been necessary. Now that this increase is part of the permanent funding base, this level of administrative detail is not required to assure accountability.

We recommend that the requirements of Section 231 of the boilerplate be reviewed and amended. We further recommend that MDHHS financed wage increases appropriated for the current and future fiscal years be added to the unit rate paid to provider organizations to support their direct care staffing. There should, of course, be accountability that all funding received is passed on to direct care workers.

We recognize the essential care provided by this workforce and we strongly support a living wage and benefits, better training, and a more professional workforce. We appreciate the support of this Subcommittee, and we look forward to continuing to work together to address these issues. Thank you again for the opportunity to testify this morning.

David LaLumia
Executive Director