



April 15, 2021

The Honorable Rep. Rena Moran, Chair
House Ways & Means Committee
100 Rev. Dr. Martin Luther King Jr. Blvd.
Saint Paul, MN 55155

BY ELECTRONIC MAIL

RE: Concerns with PCA Reimbursement in HF 2127 (Schultz)

Dear Chair Moran and Committee Members:

The Minnesota First Provider Alliance (the "Provider Alliance") is a trade association of personal care assistance ("PCA") agencies and waiver service providers. The PCA program is a critical service that assists over 44,000 Minnesotans in their home and community; 61% of whom are individuals who are Black, Indigenous, or People of Color ("BIPOC"). Historically, the PCA program has been one of the lowest reimbursed services with a reimbursement rate that is much lower than similar waiver services. At the same time, the majority of PCA workers are BIPOC and women. The PCA program is vital to ensuring that Minnesotans with disabilities and older adults can safely remain in their homes and avoid the need for more costly services.

From its inception in 2016, the Provider Alliance has advocated for increased wages for PCAs and to establish best practices and higher integrity standards in our industry. However, in order for the PCA agencies to pay increases in wages under the Minneapolis and St. Paul municipal ordinances and the state's collective bargaining agreement ("CBA") with the Service Employees International Union ("SEIU"), PCA agencies have relied on the Legislature to adequately increase the reimbursement rate.

Unfortunately, over the last two biennia, the minimum wage for PCAs providing services in the PCA Choice program has increased by \$2.25/hour while the reimbursement rate has increased by only 68-cents per hour. Not only have these rate increases failed to cover the increases in wages, they made absolutely no accommodation for increases in payroll and unemployment taxes, or workers compensation costs that are associated with a wage increase, nor do they account for the paid time off also included in the contract or holidays that are to be paid at time and a half. The governor's FY 22-23 budget recommendations include the ratification of a new two-year CBA that includes a \$2.00/hour wage increase while only recommending a \$1.28/hour increase in PCA reimbursement.

What has been an ongoing problem for the PCA program has become an immediate **crisis**. Simply put, as of July 1, 2021, all PCA agencies operating in Minneapolis and St. Paul and PCA Choice agencies operating statewide will be unable to pay the wages required under by the municipal ordinances and CBA with the reimbursement rate provided in the Governor's budget, as it is included in HF 2127. This will force many agencies, particularly those smaller, culturally-competent agencies operating in the Twin Cities, to close. This will greatly limit PCA service

recipients' ability to retain an agency of their choosing that is equipped to meet their language and cultural needs.

The Provider Alliance would like to thank Rep. Schultz for including the PCA rate framework language from HF 633 (Lippert) in the omnibus bill. The rate framework will use work force and Minnesota-market data to recognize the actual cost of providing PCA services and provide the Legislature a statutory framework to, over time, build those costs into the system. It would also allow that data to be re-evaluated every two years so that the PCA program is responsive to the Minnesota economy and maximizes our limited resources to help as many people as possible live safely and work as independently as possible in their communities. However, this language only becomes effective on January 1, 2023 and will not help PCA providers cover the \$1.00 hour increase in the minimum wage that goes into effect July 1, 2021 in Minneapolis (when the governor's proposal only increases the reimbursement rates \$0.73/hour and not until October 1, 2021 when the wage under the CBA jumps \$1.15/hour).

The Provider Alliance respectfully requests that this committee, along with Rep. Liebling and Rep. Schultz, identify additional sources of funding to support the payment of the wages included in the tentative CBA. We believe that in a time of budget surplus, a failure to support living wages for these essential caregivers and a realistic rate increase for agencies to adequately cover the costs is unimaginable. We hope that in the upcoming weeks, legislators and DHS can determine that the 10% FMAP increase from home and community-based services included in the American Recovery Act drawn down by PCA providers can be used as a possible bridge until the PCA rate framework kicks in on January 1, 2023.

If you have any questions or would like to discuss, we would be happy to meet with you.

Sincerely,

Dena Belisle, President
Minnesota First Provider Alliance