

**Testimony of Karen Kulp,
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**U.S. House of Representatives
Committee on Education & the Workforce
Subcommittee on Workforce Protections
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Chairman Walberg, Ranking Member Courtney, and Members of the Subcommittee, Thank you for the opportunity to testify today in support of the new rule to extend minimum wage and overtime protection to home care workers. My name is Karen Kulp. I am President and CEO of Home Care Associates based in Philadelphia. Our company celebrated our 20th anniversary this year. HCA employs 206 home care workers, 90% of whom work full time. Our company cares for about 250 consumers each day. About 90% of our revenue is from Medicaid, about 70% of our consumers are people with disabilities under age 65.

Nationwide, an estimated 27 million Americans will depend on our system of long-term services and supports by 2050. Increasingly these individuals prefer to receive care in their homes and communities. To ensure quality care in home-based settings, federal policies must support the development of a stable, skilled home care workforce. Implementation of minimum wage and overtime protections for home care workers is an essential step toward reaching that goal.

The Workforce:

Home care is skilled work. It is hard, messy and physically challenging. The 90 percent female workforce assists elders and people with disabilities with personal care needs

like dressing, bathing, going to the bathroom, eating, and mobility – services which are far more crucial and require far more skill than providing simple companionship.

This work is vital to our communities and families, but poor wages, averaging less than \$10/hour, make recruitment and retention for these positions difficult. Inadequate compensation contributes to high rates of turnover, undermining quality of care and jeopardizing access to needed services in the face of growing demand. That demand has made home health aide and personal care aide our nation's fastest-growing jobs.

At Home Care Associates, we've chosen a different approach. And, let me remind you, our revenue is almost entirely from Medicaid. We invest in quality jobs in order to provide quality care. We meet our state's mandated minimum wage and overtime protections, provide quality training, and offer full-time employment, which is highly unusual in our industry, where more than half of home care aides work part time. Our investments have paid off – we have a workforce whose average length of employment is nearly three years in an industry in which three-quarters of the workers have been employed less than 12 months. Our clients appreciate the quality and continuity of care we provide as a result of this stability.

Industry-wide, rates of overtime for home care workers are relatively low – less than 10 percent report working more than 40 hours per week. At HCA about 14% of our consumers receive over 50 hours of care per week, and 10% receive over 60 hours a week. We manage our overtime costs by establishing a care team for these high need clients. We begin by identifying two or three aides with whom the consumer is

comfortable. That way we can assure that the consumer always has assistance from someone she knows. In the event of the absence of one worker, the consumer always will be covered. Moreover, a team approach guarantees that workers are not overtired and stressed out, reducing burnout and rates of injury for consumers and workers. It's a win-win-win – workers and consumers are better served, overtime costs are low, and HCA has a healthier and more stable workforce.

The Industry:

Revenue for the home care industry, which reached \$93 billion last year, grew at an average rate of 8 percent per year from 2001 to 2011, despite the Great Recession. This thriving industry can afford to pay home care workers minimum wage and overtime as is demonstrated by the 15 states that already provide these basic labor protections.

Michigan is a case in point. A similar state regulation was implemented in 2006. Notably, Michigan's home care sector grew more quickly in the five years following the change (41 percent increase) than in the five years before (32 percent increase). In our business, rising worker compensation costs, higher gas prices and reimbursement rates that have not kept up with the cost of living are a far greater threat to profitability than paying minimum wage and overtime.

The new rule recognizes the professionalization of this workforce and the skills these jobs now require. After many decades, the rule will, at long last, give home care workers the same rights as other American workers. It is an important first step toward ensuring that the American people get what they need and want – a stable, competent

workforce to allow elders and people living with disabilities to remain at home and to live independently and with dignity.