



Implications of The Proposed Increases in Reimbursement Rate & PCA Wages

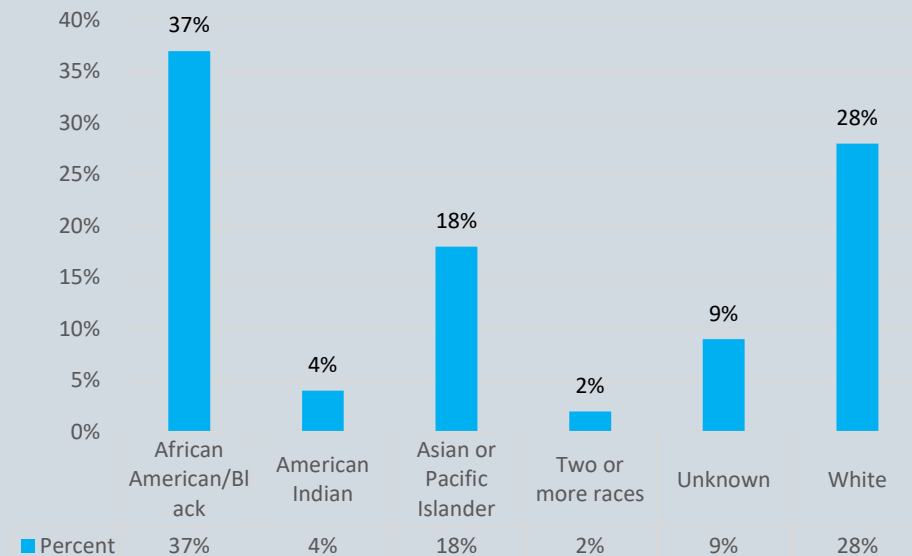
2024 GOVERNOR BUDGET & SEIU
TENATIVE COLLECTIVE BARGAINING
AGREEMENT



The Current PCA Program in Minnesota

- **44,000 Service Recipients** -- people with disabilities and older adults living in their own home
- **63%** of current service recipients are BIPOC
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- **60,000 PCAs** -- 80% are women and/or BIPOC

PCA Participants by Race/Ethnicity, FY 2021 (January)



PCA is **one of the lowest reimbursed programs** with a current rate of \$19.60 and is lower than rates for other similar home and community-based services.

For Example: The 2023 rate for a similar service in DWRS (IHS without training) is reimbursed at a metro rate of \$33.84 which is **71% higher than the current PCA reimbursement rate of \$19.60.**

PCA Agencies in Minnesota

As of 12/31/2022 there were 924 PCA agencies enrolled.

In 2018:

- The median enrollment for PCA agencies was 5 years (*Ranging from less than a year to 30 years*).
- There were a median of 54 PCAs affiliated with each agency.
- 67% of all agencies served less than 50 participants.

	1 recipient	2-4 recipients	5-10 recipients	11-25 recipients	26-50 recipients	More than 50 recipients	Grand Total
# of providers	26	59	83	137	121	212	643
% of total providers	4%	9%	13%	21%	19%	33%	100%

PCA providers by number of recipients served, state fiscal year 2018

The Governor's Budget

We fully support higher wages and benefits for PCAs.

However, the **PCA reimbursement rate** included in the governor's budget proposal **is not adequate** to cover the costs of the **PCA wage and benefit increases** in the tentative SEIU Collective Bargaining Agreement (CBA).

This creates a **problem for program recipients, PCA agencies, and the PCA program** itself.

The Governor's Budget

The **Tentative Collective Bargaining Agreement** would increase the Base Wage by **\$3.75 on 1/1/2024** and **another \$1.00 on 1/1/2025** for a **total of \$4.75**.

The **Governor's Budget** has proposed to increase the reimbursement rate by **\$3.32 on 1/1/2024** and **another \$1.16 on 1/1/2025** for a **total of 4.48**.

The Governor's Budget

In **addition to the base wages increase**, agencies are responsible to pay benefits and employer taxes that equal **13.48% (\$.51)** on top of the base wage **for 2024**; and **(.64)** for 2025.

Accounting for wages, benefits and taxes, the **governor's budget** is **\$.94 short per hour for 2024**; and **\$.91 short per hour for 2025**. When you include associated operating expenses, the shortfall is even higher.

According to
a survey of
80 PCA
providers
conducted
by the MFPA:



Tax & Insurance Expense

(Insurance, FICA, FUTA, SUTA, Medicare and Workers Compensation, Etc).

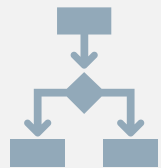
10.15% of Base Wage



Employee Benefits Expense

(PTO; Holiday, Etc.)

3.33% of Base Wage



Operating Expense (Costs to provide the service)

10% of Reimbursement Rate

What costs are required to deliver this service?

Administrative
Staff

Qualified
Professional Staff

EVV
Implementation
and Support

Software and
Technology
Acquisition

Rent

Background
Studies

Interpretation
Services

IT Support

Insurance and
Bonds

Accounting

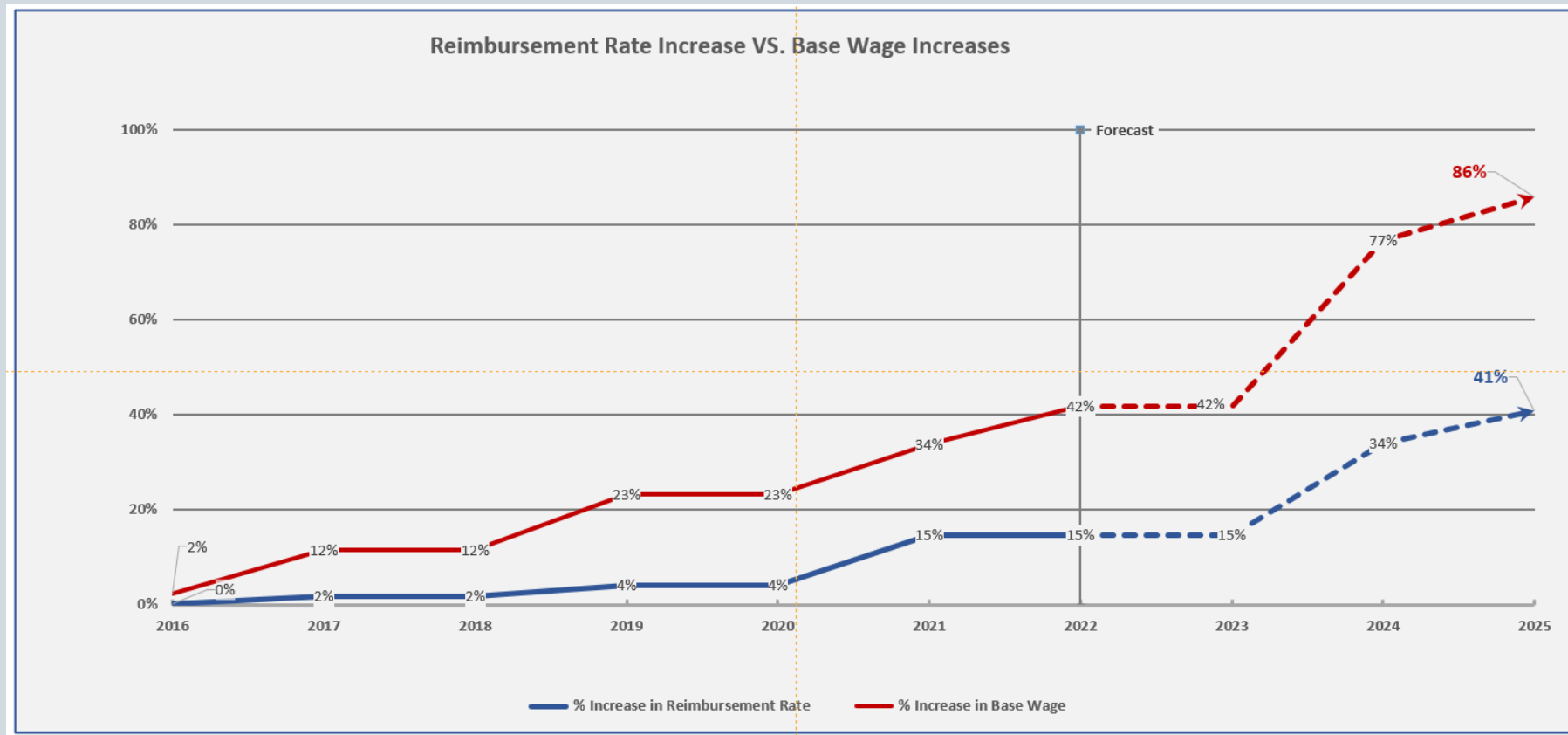
Payroll
Processing

Communications
(Phone, Internet,
Mobile)

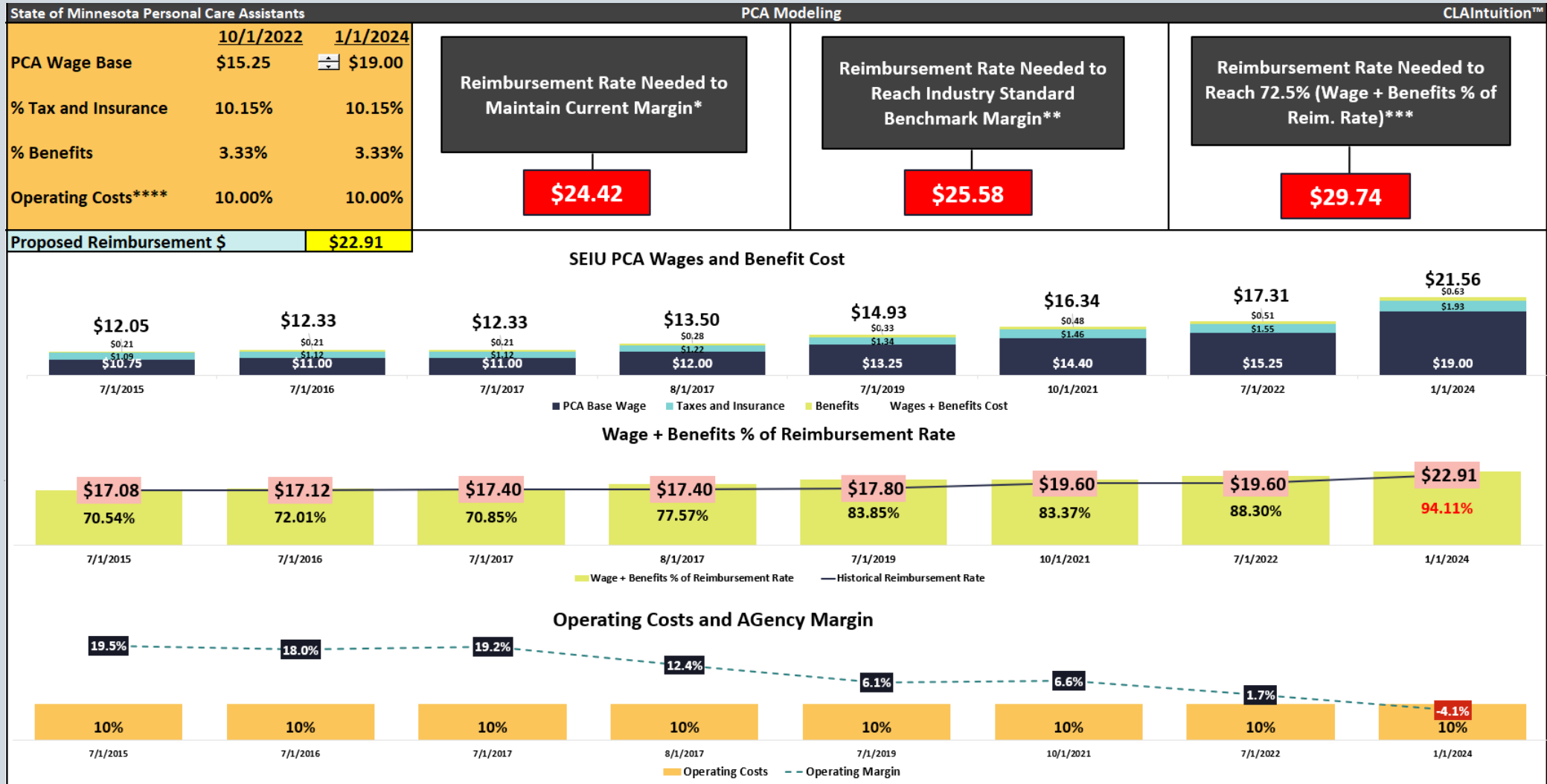
Note: This is a high level non-exhaustive list of general expense categories.

Since 2015 PCA reimbursement rate has not kept up with increases in PCA wages

Accounting for the governor's proposal wages have increased by **86%** while the reimbursement rate has only increased **41%** since 2015.



Since 2015 PCA reimbursement rate has not kept up with increases in PCA wages



Increasing PCA Wage and Benefit Cost as Percentage of PCA Reimbursement compared to diminishing PCA Agency Operating Margin

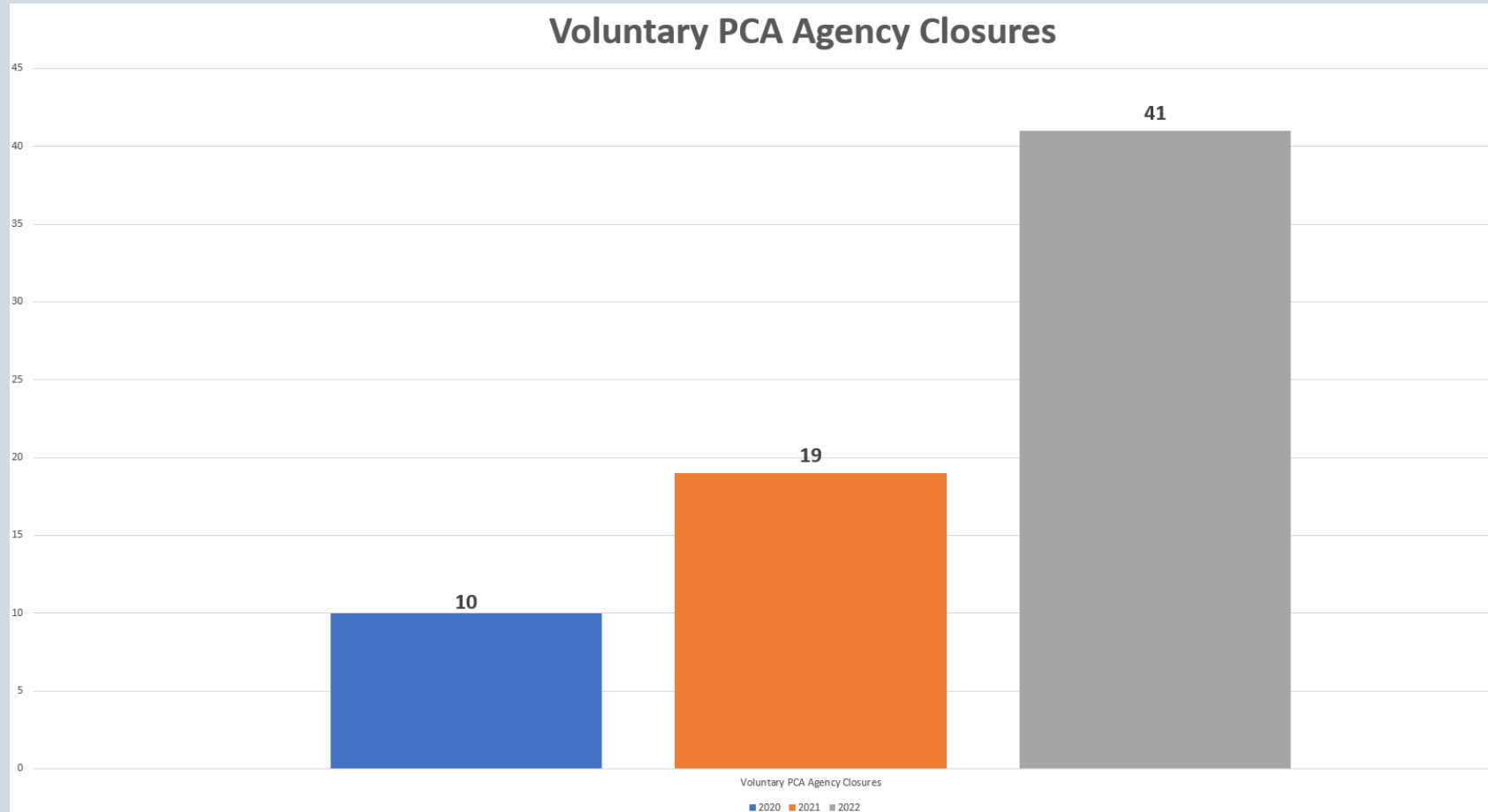
Due to the shortfalls providers will not have enough to cover expenses

MN Stat 256B.0659 agencies are required to pay a minimum of **72.5% of the PCA reimbursement** towards wages and benefits (Wages, Insurance, Vacation Sick and Overtime, FICA, FUTA, SUTA, Medicare and Workers Compensation, Etc). **PCA is the only service with such wage and benefit requirements in statute.**


Under the **tentative CBA and budget proposal** providers **would pay 94.1 percent** of the reimbursement toward wages and benefits.

Providers would not have enough to cover basic operating expenses, with **only 5.9 percent of the reimbursement rate** left.

Impact: Unprecedented number of agencies closing due to underfunding of PCA services!



Diversity of and stability of PCA agencies are an asset. If PCA agencies fail, all Minnesotans will suffer.



Less Choice for Recipients and Diminished Quality of Care, because only very large providers will be able to survive with reduced customer service capacity.

Less Diversity in our Pool of Providers, reducing ability of recipients to receive care from member of their community. *(Many PCA agencies are BIPOC owned/led)*

More Institutional Based Care, e.g., Hospitals or Nursing Home Cost Will Increase!

What do we need you to do now?

1. Provide a PCA reimbursement rate that fully covers the cost of wages, taxes and benefits that go into effect on **1/1/2024 (\$24.42)** and **1/1/2025 (\$25.70)**.
2. Fully fund the PCA rate framework to ensure wages are competitive over time and that the reimbursement is adequate to fully fund wages year over year (**\$27.95**).

Sources

1. 2020 DSD Legislative Report: Personal Care Assistance and Community First Services and Supports Rate Methodology
2. 2020 Evaluation Report, DHS Oversight of Personal Care Assistance, Office of the Legislative Auditor, State of Minnesota
3. Personal Care Assistance (PCA) Data Summary FY 2021 Update, DHS
4. SEIU Tentative Collective Bargaining agreement.
5. Governor Walz's proposed budget.
6. MNFPA Provider Cost Survey.
7. MN Stat 256B.0659
8. 2022 Data request by MNFPA, Health Care Integrity and Accountability Division