



Champions of Homecare

To: Senator John Hoffman, Chair
Senate Human Services Finance Committee
From: David Hancox, Interim CAO/COO
Accra Caer LLC
Date: Wednesday, February 19, 2025
RE: Testimony

Thank you, Senator Hoffman, for the opportunity to testify in front of the Committee today. Unfortunately, I am out sick today and unable to be there in person. As you hear testimony today from many providers and those impacted by the budget, I would like to submit my written comments for your review.

Testimony:

Good afternoon, Mr. Chair and members of the Committee. My name is David Hancox, and I serve as the Chief Administrative and Chief Operating Officer of Accra. Accra is the largest provider of PCA and other home care services in Minnesota. We serve nearly 13,000 individuals and families across the state and employed more than 20,000 individuals in direct care positions in 2023.

Thank you, Mr. Chair, for the invitation to present to the committee this afternoon. I want to address expenditures in the Governor's 2026-27 proposed biennium budget. While we appreciate that there are increases of approximately \$180M in the proposed budget for CFSS and related services, it is unclear if any of the increased expenditures are targeted to increase the reimbursement rate for providers, which is desperately needed.

Provider reimbursement rates have not kept pace with the well-deserved increase in PCA wages. To be clear, we enthusiastically support the rise in PCA wages. I have worked as a PCA in the past and continue to do so on occasion. I appreciate that the service provided by PCAs is certainly incredibly rewarding. However, it is not always glamorous work. And, with the statewide workforce shortage, it is becoming increasingly difficult for our clients to find people who will provide homecare services, even at the SEIU wage.

Currently, PCA providers like Accra receive \$24.84 (up to \$27.52) per hour in reimbursement rate. Because we are a Choice provider, we pay \$20.00 per hour to PCA employees. In addition to the \$20.00 per hour in wages, our employer contribution to taxes and benefits add approximately 14.58%, making the total cost per hour in wage and benefits costs to \$22.91 per hour. This leaves approximately \$1.93 per hour, or a 7 % margin, before expenses, for the provider to operate with. In 2023, 92% of every dollar flowing into Accra, went out in wages and benefits. After additional operating expenses incurred by all providers, Accra was left with a 1.5% return on investment. This narrow margin continues for every hour of PCA services we provide while our PCA choice clients are waiting to transition to the new CFSS model.

It is also worth noting that while Choice and Traditional providers receive the same reimbursement rate, only about 27% of the PCA workforce in Minnesota is eligible for the SEIU minimum wage rate of \$20/hr. As you

know, state statute requires provider to pay 72.5% of the reimbursement rate in wages and benefits as an aggregate. That means that a provider not covered by the SEIU contract could pay \$18.00 per hour in wages and benefits.

It is important to secure an equitable reimbursement rate for providers of PCA and related services. Failure to do so could see an increase in the number of providers discontinuing their services. If existing providers cannot pick up the slack, there is a potential that these individuals could face the potential for an out of home placement.

A potential out of home placement would reduce self-direction in the lives of individuals with disabilities and their families, minimize community participation, and would be significantly far more costly to taxpayers. In 2024...

- The average annual cost of service to an Accra client was \$29,655 (1246 hrs. x \$23.80/hr = \$29,655)
 - The average cost of nursing home care in Minnesota was \$171,404.
 - The average cost for an assisted living facility was \$63-103,620.
 - The difference between the average cost of an Accra client and nursing home cost was \$141,739!
- Clearly, PCA and related services provide a significant savings to taxpayers of Minnesota.

In closing, the preamble to the ADA, section 2, paragraphs 8 and 9, state

8) the Nation's proper goals regarding individuals with disabilities are to assure equality of opportunity, full participation, independent living, and economic self-sufficiency for such individuals; and

9) the continuing existence of unfair and unnecessary discrimination and prejudice denies people with disabilities the opportunity to compete on an equal basis and to pursue those opportunities for which our free society is justifiably famous, and costs the United States billions of dollars in unnecessary expenses resulting from dependency and nonproductivity.

Finally, we appreciate this committee's continued support for home and community-based services, like PCA and CFSS. Certainly, we support the Governor's recognition with a proposed \$180M budget increase that we need to continue to provide meaningful services to people with disabilities and their families, recognizing that individuals with disabilities are valued and needed participants in our communities.

Thank you again Mr. Chair and members for allowing me to testify today.

Contact:

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