

## **The American Recovery Plan Act's Enhanced Federal Medical Assistance Percentage (FMAP) for Home and Community-Based Services (HCBS)**

### **PHI Recommendations to the North Carolina Department of Health and Human Services**

**June 9, 2021**

Thank you for the opportunity to provide recommendations on how the North Carolina Department of Health and Human Services (NCDHHS) should allocate the additional Federal Medical Assistance Percentage (FMAP) for Medicaid-funded home and community-based services (HCBS) provided through the American Recovery Plan Act (ARP).

These recommendations are submitted jointly by the North Carolina Coalition on Aging and PHI. The North Carolina Coalition on Aging is a dynamic group of consumer, provider, and advocacy programs and organizations that represent North Carolina's aging population and gives voice to issues that affect older adults. PHI is a national non-profit organization that works to transform eldercare and disability services by promoting quality direct care jobs as the foundation for quality care. These two organizations have joined forces to lead a multi-year statewide advocacy initiative to transform jobs for North Carolina's direct care workers. By focusing on three critical policy areas—improving compensation, enacting workforce innovations, and strengthening data collection—in collaboration with a wide and diverse range of stakeholders across the state, the Essential Jobs, Essential Care initiative aims to advance crucial policy reforms that strengthen this workforce and improve care for North Carolina's older adults and people with disabilities.

Our organizations strongly recommend that NCDHHS invest the enhanced FMAP in our state's home care workforce, to combat the recruitment and retention challenges that threaten the stability of this workforce and undermine North Carolinians' access to essential care. Specifically, we propose that the following workforce-focused strategies—which could be implemented together or in some combination—will help strengthen our state's HCBS infrastructure immediately and into the future.

1. **Increase home care worker pay.** Despite their essential contribution, more than half of home care workers in North Carolina live in or near poverty.<sup>1</sup> A portion of the ARP FMAP funding should be used to increase home care workers' base wages in the year ahead, with a plan for expanding and sustaining this wage increase in subsequent years, as set forth in H.B. 914.<sup>2</sup>
2. **Invest in home care workforce training and credentialing.** Building on the successful groundwork laid by the PHCAST demonstration project, which aimed to create an integrated career lattice for home care workers (and other direct care workers) in North Carolina,<sup>3</sup> part of the enhanced FMAP funding should be earmarked for reforming the home care workforce training

and credentialing landscape. As a concrete step forward, the State should convene a highly intensive, design-focused workgroup comprising agency staff, training providers, workforce and consumer advocates, long-term care providers, and others to identify key opportunities and strategies for updating, streamlining, and integrating training and credentialing standards for these workers. This group should be required to submit their recommendations by the end of December 2021. The State could then invest in the roll-out of the group's recommendations as of January 1, 2022, with funds going toward training content if needed, provider preparation, trainee recruitment, evaluation, and more.

3. **Strengthen data collection on the direct care workforce, including home care workers.** A robust direct care workforce data system would allow the State to measure and track key workforce indicators more accurately, monitor the impact of policy changes (such as wage increases), and plan for future needs and emergencies. As a starting point, a portion of the enhanced FMAP funding should be allocated toward contracting with an organization to conduct a survey of all State agencies, including (but not limited to) labor, health, and education, to identify workforce data sources and gaps. Building on the results of that survey, which should be completed by the end of December 2021, a group of key stakeholders could be convened to determine where data collection could be improved (for example, by adding a question to an existing report) and where new data collection mechanisms are needed. An additional option would be to immediately fund a statewide survey of home care workers to better understand their job experiences and challenges, including with regards to COVID-19, in order to develop more targeted and evidence-based workforce interventions.
4. **Create a Home Care Jobs Innovation Fund.** Part of the ARP funding could be used to create a pool of money to fund pilot projects to improve recruitment and retention of home care workers—with findings from these projects used to inform solutions at a regional or statewide level. This strategy has been proposed in New York and would work well in North Carolina.<sup>4</sup> Following the New York example, the innovation fund could support a range of projects over three years at a total cost of \$15 million.

PHI and the North Carolina Coalition on Aging look forward to continuing to work with the NCDHHS to strengthen the state's HCBS infrastructure by investing in its frontline workforce. We are happy to discuss these recommendations further or respond to other proposed investments. As the nation's leading expert on the direct care workforce, we are also well-positioned to provide expertise on how to structure these investments so that they truly benefit workers.

For follow-up, please contact:

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## Notes

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<sup>1</sup> PHI. “Workforce Data Center.” Accessed 6/4/2021. <https://phinational.org/policy-research/workforce-data-center/>.

<sup>2</sup> General Assembly of North Carolina. “H.B. 914: AN ACT TO PROVIDE A MEDICAID RATE INCREASE TO BE USED TO SUPPORT THE DIRECT CARE WORKFORCE.” <https://www.ncleg.gov/Sessions/2021/Bills/House/PDF/H914v0.pdf>.

<sup>3</sup> LeadingAge. “How North Carolina is Breaking Down Workforce Training Silos.” Accessed 6/4/2021. <https://leadingage.org/research-projects/how-north-carolina-breaking-down-workforce-training-silos>.

<sup>4</sup> Cook, Allison. 2017. “The Home Care Jobs Innovation Fund: Investing in Recruitment and Retention of Home Care Workers in New York.” Bronx, NY: PHI. <https://phinational.org/wp-content/uploads/2017/11/Home-Care-Jobs-Innovation-Fund-PHI-Jan-2018.pdf>; New York State Senate. “Senate Bill S4222: Establishes the home care jobs innovation program and the home care jobs innovation fund; appropriation.” <https://www.nysenate.gov/legislation/bills/2021/s4222>.