



# Community Options, Inc.

Supporting People with Disabilities since 1989

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Robert Stack  
President/CEO

February 22, 2021

President Joe Biden  
The White House  
1600 Pennsylvania Avenue NW  
Washington, DC 20500

Dear Mr. President:

Your proposal to increase the minimum wage is laudable and an important step in supporting the economic well-being of lower income individuals and families. However, before a unilateral wage increase is enacted, it is critical for Congress and the Administration to address Medicaid reimbursement rates for community housing programs that provide care to people with disabilities.

Medicaid support needs to reflect pay necessary to secure and retain the care workers who support persons with disabilities. Unlike retail or commercial businesses, nonprofits cannot simply raise prices to cover additional labor costs.

In 2018, the federal government spent more than \$53.4 billion on community-based care alone. Most of that cost - 70% - was allocated to pay the salaries of direct support professionals. Raising the minimum wage to \$15 without an adjustment to the Medicaid rate would result in multi-million-dollar losses for many providers throughout the country. This could lead to many bankruptcies and closures without adequate transition plans.

The potential repercussions of increasing the minimum wage without a connection to a Medicaid index could force community programs to close resulting in persons with disabilities to return to state operated large institutions. This would nullify the decades of progress made possible through legislative and legal reform. And make no mistake; this is a very real consequence.

The workforce providing care for individuals with disabilities is comprised of more than a million Americans. They care for persons with developmental disabilities such as autism, cerebral palsy, downs syndrome and intellectual disabilities. And, according to the U.S. Bureau of Labor Statistics, the average care worker is paid \$12.15 per hour.

While care organizations strive to pay a more competitive rate wherever possible, all are dependent on the Medicaid reimbursement rate received in any given market. The Medicaid rate encompasses the cost of labor, food, housing, medicine, utilities, clothing, transportation, insurance, and administrative costs (which often is less than 10%). The largest expense is staffing – 70% of total costs.

Nonprofits who provide care to our most vulnerable citizens chase grants, actively fundraise, and seek reimbursement from appropriate agencies in order to stay afloat. They operate as efficiently as possible and watch every penny. Revenue and expenses are close to equal and it is difficult work – even more challenging now with the pandemic.

The already challenging Medicaid rates, combined with the labor market, force community programs to compete with fast food establishments and the retail industry for employees. Even now, there is continued difficulty attracting staff due to higher wages offered by the large box stores and other venues.

This is even more challenging amidst a pandemic. Caregivers wearing masks cannot effectively social distance. They must bathe and provide personal care. After a shift, when they return to their own home they must self-isolate.

Our nonprofit supports more than 4,000 people in community homes throughout 10 states. We founded this nonprofit over thirty years ago to enrich the lives and expand the opportunities of people with disabilities. We always struggle to attract and retain qualified staff. Enaction of an increased minimum wage prior to long-time needed adjustments to the Medicaid reimbursement rate will be devastating.

Medicaid reimbursement rate adjustments are needed to eliminate unintended consequences to people with disabilities, their families and their caregivers. If the minimum wage is increased without a direct increase to Medicaid rates, the progress made for persons with disabilities will be set back more than 30 years.

Sincerely,

Robert Stack  
Founder, President and CEO  
Community Options Inc.