

HOME CARE AGENCY COSTS: OVER AND ABOVE HOME CARE WORKER WAGES

Licensed Home Care Services Agencies (LHCSA) are required to have a physical location. Like any other business, there are administrative and operational costs associated with running a LHCSA. In New York, the agency bears these unreimbursed costs while they skyrocket due to inflation and other factors.



Having a physical location - a building - means incurring costs like rent and utilities:

For example, utilities (natural gas and electricity) alone have gone up approximately **24% over the past 5 years** (NYSERDA).



NOT OFFSET BY
ADDITIONAL FUNDING



Borrowing costs:

According to DOH, in 2021, nearly 30% of LHCSAs were operating at a loss, reflecting the financial strain on the industry. For example, the cost of borrowing money has increased **40% (January 2019-January 2024)** (SBA).



NOT OFFSET BY
ADDITIONAL FUNDING



Every business type including home care requires some form of equipment and basic supplies:

LHCSAs need personal protective equipment (PPE), office supplies, phone systems, equipment leases, payroll, accounting, and billing services, and general liability insurance.



NOT OFFSET BY
ADDITIONAL FUNDING



LHCSAs are required to have nurses on staff to comply with state regulations regarding supervision and other duties:

For example, nurses' salaries have increased approximately **42% over the past 5 years**.



NOT OFFSET BY
ADDITIONAL FUNDING



Administrative and Operational Labor:

LHCSAs incur costs to employ schedulers, supervisors, human resources professionals, maintenance staff, as well as training, education, benefits, COLA and merit increases, transportation, and sick leave - like any other business. For example, Workers' Compensation alone has increased almost **50% between 2019 and 2023**.



NOT OFFSET BY
ADDITIONAL FUNDING



HOW MUCH WILL IT COST?

Wage Actions: Cost to Employers

January 1, 2024

New York City



\$18.55

Home Care Minimum Wage

On January 1, 2024, the minimum base wage for home care workers in New York City will be **\$18.55**, an increase of \$1.55.



Additional Mandatory Employer Costs



\$2.54 or
\$4.09

Worker Wage Parity (WWP)

Reduced by \$1.55 to \$2.54, and shifted from a benefit to a wage component. Collective Bargaining Agreements (CBA) are likely to preclude reduction in WWP payment to workers. **Many agencies will pay the 2023 WWP rate of \$4.09.**



\$5.17

Non-Discretionary Costs

DOH & DOL **mandated costs** include Soc. Security, Medicare, Disability, Workers' Comp, FLSA, Sick Leave, Unemployment (FUTA, SUTA), In-Service and training, COVID-related Leave.

\$18.55



\$4.09



\$5.17



\$27.81

Hourly cost to employers:

Because of non-discretionary costs tied to wages, the \$1.55/hr wage increase will cost employers \$2.06/hr. This has been included in the \$5.17 above.

\$1.55

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\$2.06

HOME CARE NEEDS MEANINGFUL INVESTMENTS

New Yorkers want to age in place, in their homes and communities. Home Care provides the support that empowers them achieve their goals.