



# WHERE DOES THE MONEY GO?

Funding Accountability  
for Pennsylvania's For-Profit  
and Private Equity-Owned  
Home Care Agencies



**SEIU**Healthcare.  
United for Quality Care



# Executive Summary

High-quality home care is critical for Pennsylvania's future. Our state's population is aging, and the vast majority of seniors would prefer to age at home. However, low wages in the industry have led to an acute workforce shortage. If it is not addressed, this shortage will force thousands of seniors into nursing homes.

Our state spends \$5 billion per year on home care. Unfortunately, due to lack of transparency and accountability for this funding, it is unclear how this money is being spent—and much of it may not be spent on care. Multiple obstacles to transparency exist, including:

**Lack of accountability:** When Pennsylvania distributed \$112 million of CARES Act funding to home care agencies, it required agencies to report how they spent it. 469 agencies failed to report how they spent the money. Those agencies **received \$22.3 million in state funds in 2021—money which is still unaccounted for.**<sup>1</sup>

**Private equity and for-profit care:** The vast majority of home care agencies in Pennsylvania are for-profit businesses, and four of the five largest agencies are owned by private equity firms. **The growing presence of private equity suggests that a significant proportion of taxpayer dollars are not being invested in quality care.**

**Widespread fraud and wage theft:** In the past three years alone, the US Department of Labor has uncovered cases of **wage theft involving nearly 5500 workers** and has recovered **over \$30 million in back pay for workers.**<sup>2</sup>

Ensuring stronger accountability for public funds is critical to providing care for Pennsylvania's seniors, and key policies in other states point the way forward. Pennsylvania should follow the lead of other states in ensuring greater transparency for funding, requiring home care agencies to report quality outcomes and directing funding to high-quality, nonprofit, mission-driven agencies.

# The Home Care Workforce Crisis

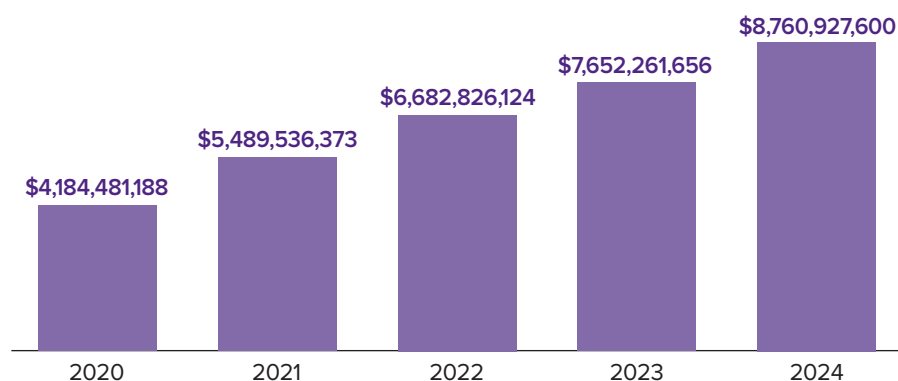
## PENNSYLVANIA IS FACING A GROWING HOME CARE WORKFORCE CRISIS.

By 2030, one in four Pennsylvanians will be 65 or older, and the vast majority would prefer to age in their homes and communities rather than an institution. To meet this demand, Pennsylvania will need to recruit 275,000 new home care workers by 2030.<sup>3</sup> Yet low wages and poor working conditions have made it extremely difficult even to retain our current home care workforce. Annual turnover in the industry was 64% in 2021.<sup>4</sup> Because of this, finding caregivers is a daily struggle for thousands of Pennsylvania seniors. If we don't address the root causes of the crisis, many of these seniors will be forced into nursing homes.

Effective funding for home care workers is crucial to providing quality care for Pennsylvania's seniors. Low wages and lack of benefits lead to extremely high turnover in the industry, with participants constantly losing access to care. Participants across the state have found it impossible to find home care workers given the low wages in the industry—and in some cases have been forced out of their homes and into institutions by lack of care.

The state of Pennsylvania spends over \$5 billion per year on home care alone, and the vast majority of that care is delivered through Pennsylvania's network of over 1300 home care agencies. These agencies—the vast majority of which are for-profit, and in a growing number of cases are owned by private equity firms<sup>5</sup>—face minimal licensure requirements and little oversight. And yet, collectively, they employ over 100,000 workers who provide day-to-day care for tens of thousands of elderly and disabled Pennsylvania residents. And they're by far the fastest-growing part of the system: use of home care increased nearly 30% within Pennsylvania's Community HealthChoices program from 2017 to 2020<sup>6</sup>, and by all accounts it continues to skyrocket.

### PROJECTED TOTAL COST OF PERSONAL ASSISTANCE SERVICES WITHIN THE COMMUNITY HEALTHCHOICES PROGRAM



Source: Pennsylvania CHC 1915(c) waiver application, July 2022



**A lot of people don't understand why home care is important. People want to be able to stay in their homes and maintain their independence. The guy I take care of had an accident and is now paralyzed. My care allows him to live a full life, but I struggle to make ends meet. I know that my agency has gotten increased funding since I started working there in 2021, but I have not seen any wage increase or bonuses in that time. That's not fair to me or the person I care for.**

**EMILY MYERS**  
Bethel, PA

People recover better in a familiar place. They recover better in a place that they love around people who love them. I took care of my brother at home until he passed away. The doctors caring for him always said he looked so much better after he started with me. The problem is, the state allows companies like Patriot to take advantage of people like us. I was working for Patriot Home Care from October 2021 to June 2022, and I knew the rates went up right in the middle of that period. I even showed my supervisor a text from the union about the raise. She said she had no idea what I was talking about. Then a couple days later she said she'd look into it, but I never heard back. Not making enough money during that period made it hard for me to take care of myself while I was taking care of my brother. That was the real shame.

**VICTORIA JENNINGS**  
**Pittsburgh, PA**



With so much money at stake, taxpayers have a right to know: **How much of this money is actually going to provide quality care?** Home care agencies are reimbursed on average \$20.44 an hour by Pennsylvania's public healthcare system,<sup>7</sup> yet according to Bureau of Labor Statistics data, the average wage of a home care worker is just \$13.40 an hour.<sup>8</sup> Most home care workers don't receive health benefits<sup>9</sup> and tens of thousands are so poor that they qualify for public assistance. Indeed, wages and working conditions are so poor that our home care system faces a massive workforce crisis, with many participants forced into nursing homes because they cannot find caregivers to keep them at home. Yet taxpayer-funded home care in Pennsylvania is so profitable that out-of-state companies and private equity firms are increasingly investing in the industry.

#### GAP BETWEEN AGENCY HOME CARE RATE PAID BY THE STATE AND THE WAGE EARNED BY CAREGIVERS

Statewide Average Agency Rate	Average Caregiver Wage	Difference	Overhead %
\$20.44	\$13.40	\$7.04	34.4%

Source: CHC 1915(c) waiver, July 2022, and BLS wage data.

Industry lobbyists will argue that this overhead is necessary to cover costs like overtime, benefits, and administration. And to be clear, many home care agencies truly are investing most of their revenue in care, doing their best to serve clients and treat workers fairly. For example, in Pennsylvania some non-profit agencies offer high-quality training, wraparound services and a mission-driven focus on quality care. On the other hand, the facts presented here demonstrate that many other agencies do not pay overtime, do not offer benefits, do not provide training beyond the bare minimum required by the state, and offer little beyond a low-wage job.

The simple fact, however, is that with little oversight and virtually no transparency, **we simply don't know how home care agencies are spending their money.** In a largely unregulated industry where the vast majority of providers are for-profit businesses, the public has a right to ask whether the funding is spent on care—and legislators have a responsibility to get answers. With a rapidly aging population, a growing workforce crisis and a long-term care program consuming more than a quarter of the state budget, policymakers have a responsibility to ensure that taxpayer dollars are going where they're needed most: to fund good jobs for caregivers and ensure that the most vulnerable Commonwealth residents can age safely at home and in their communities.



## Unaccountable Funding

Although the Commonwealth of Pennsylvania spends over \$5 billion a year on agency home care, state officials have **no way of knowing how that money is spent**. Unlike hospitals and nursing homes, which face extensive financial reporting requirements at the state and federal levels, for-profit home care agencies are a financial “black box”—we simply don’t know how they spend money or how much profit they’re making from care.

What we do know, however, is disturbing.

- When Pennsylvania distributed \$112 million of CARES Act funding to home care agencies, it required agencies to report how they spent it. **469 agencies failed to report how they spent the money**. Those agencies **received \$22.3 million in state funds in 2021—money which is still unaccounted for**.<sup>10</sup>
- In 2022, Pennsylvania used hundreds of millions of dollars in ARPA HCBS funding to provide home care agencies an 8% rate increase at a cost of over \$150 million per year. The funding was in response to industry and advocate pleas to address the caregiver shortage by raising wages. **Yet in one survey of Pennsylvania agency home care workers, over half (56%) said they had not received a raise in 2022**.
- Also in 2022, Pennsylvania spent \$60 million in one-time funding through Act 54 to home care agencies. The funding was meant to address the workforce crisis and pandemic. Yet the same survey reflects that **just 24% of workers had received even a cent of that funding** by 2023.
- In fact, one major national home care agency recently boasted<sup>11</sup> that it has spent only half of its ARPA funds as of March 2023.

The for-profit home care agency lobby asks taxpayers every year to increase funding in order to increase wages and provide benefits to caregivers and ensure quality care for vulnerable Pennsylvanians. But with so little evidence that funding really is being spent on care, and so little ability to know how money is spent, it’s time to start asking more questions.

## Fraud and Wage Theft: An Epidemic of Abuse

The home care industry in Pennsylvania has at times involved significant fraudulent activity. For example, in 2022, the final defendants were sentenced in one of Pennsylvania’s largest healthcare fraud cases, a scheme which **cost Pennsylvania taxpayers \$87 million and resulted in 16 criminal convictions**.<sup>12</sup> The culprits? A network of four home care agencies which for at least six years systematically billed the state for care that never happened.

In a lightly regulated industry where the public has little insight into how money is spent, this case may well be just the tip of the iceberg. But it’s not the only way agencies are misusing public funds.

I work for two agencies. One is a non-profit agency connected to a Center for Independent Living. After the state raised the reimbursement rates, our union and employer worked together to raise wages by \$2/hr. In June, all caregivers there will be at a minimum \$15/hr, with benefits. My other employer claimed to know nothing about a rate increase or COVID bonus, and my wages there have not increased once, since starting in Sept. 2021. It’s crazy that some of these agencies are allowed to just lie to us and pocket the money that should be going to ensure our seniors are safe at home.

**LOLITA OWENS**  
**Philadelphia, PA**



Home care is a lot of work. Especially with bed-bound patients. I work overnight. You have to turn the client, bathe them, transfer them from the bed to a wheel chair when they have to wake up for an appointment. It's physical work. I've been working for my agency for two years and my wage has never changed, even after the rates went up. Home care agencies withholding raises from caregivers is unfair. And it means that I can't make ends meet when I pay my bills. I have to let some bills go and pay them the next month. It's hard.

CATINA ROBINSON  
Philadelphia, PA



In the past three years alone, the US Department of Labor has uncovered cases of **wage theft involving nearly 5500 workers** and has recovered **over \$30 million in back pay for workers**.<sup>13</sup> Wage theft—primarily failure to pay overtime or the minimum wage—is epidemic in the industry. The Philadelphia Inquirer reported<sup>14</sup> in January 2023 that the DOL had investigated 38 home care agencies in Southeast Pennsylvania and found wage theft at 35 of them—a 92% violation rate.

## The Growing Role of Private Equity in Pennsylvania Home Care

These trends are especially concerning given the growing role of private equity in Pennsylvania's home care market. While the role of private equity in the nursing home sector is pernicious and well-documented, data on home care is harder to come by. However, an analysis of the largest home care agencies in Pennsylvania's Community HealthChoices program, which provides care for tens of thousands of senior and disabled residents, paints a clear picture: Of the five largest home care agencies in the program, four are owned by private equity firms. (All five are for-profit businesses.)

OWNERSHIP OF LARGEST 5 HOME CARE AGENCIES IN THE COMMUNITY HEALTHCHOICES PROGRAM AS OF 2021<sup>15</sup>

Name	Caregivers Employed (Full-Time Equivalent)	Total PA Taxpayer Funding (2021, Estimated)	Ownership
Excel Companion Care	7377	\$302 million	Purchased in 2017 by Help at Home, <sup>16</sup> which is owned by private equity firms Centerbridge Partners and Vistria Group <sup>17</sup>
Patriot Home Care	3324	\$136 million	Owned by private equity firm Madison Dearborn Partners <sup>18</sup>
Intra-National Home Care	2676	\$109 million	Independent
Open Systems Healthcare	1729	\$71 million	Purchased in 2023 by Help at Home, <sup>19</sup> which is owned by private equity firms Centerbridge Partners and Vistria Group <sup>20</sup>
AmeriBest Home Care	1688	\$69 million	Owned by private equity firm Alpine Investors <sup>21</sup>

To be clear, it is unknown whether these private equity-owned agencies have engaged in any form of malfeasance. What we do know is that the primary goal of private equity firms is to make money for investors—not to provide care for seniors. At the very least, the fact that investment firms continue to buy up Pennsylvania agencies makes it clear that there are significant profits to be made in Pennsylvania's home care system—which in turn suggests that significant taxpayer funds are not going exclusively to provide care for our seniors.

# Reform is Needed and the Time is Now

With taxpayers footing the bill for an increasingly expensive, increasingly private equity-driven home care system that provides poverty wages to caregivers and restricts seniors' access to care, the time is now to emphasize transparency and accountability in Pennsylvania's home care system.

Ultimately, profit-driven providers will always prove challenging for regulators. The best way to ensure that funding goes to care is to prioritize the funding and expansion of nonprofit, mission-driven agencies that put the needs of elderly and disabled Pennsylvanians first, such as Pennsylvania's Centers for Independent Living. However, given that the vast majority of Pennsylvania home care agencies are for-profit, the state must find better ways to ensure that these agencies spend state funds on high-quality care.

States across the country have led the way in ensuring that taxpayer money funds quality care. Pennsylvania should take inspiration from these efforts. For example:



**Tie rate increases directly to quality metrics (CT):** Optional one percent rate increase for HCBS providers who meet certain quality metrics. Metrics include staff participation in racial health equity training and beneficiary progress on individually identified goals assessed through a standardized goals scale. Providers receive a rate increase according to their success in helping a beneficiary achieve their goals. HCBS providers that receive a rate increase must pass funds to direct care workers.



**Require rate increase to be passed on to caregivers (IN):** A Recent rate increase of 14 percent required 95 percent of funds be passed on to support direct care workers through use for payroll tax liabilities, wage, or benefits. Providers are required to submit a written and electronic plan as to how the increase will be used. Provider records may be audited and funds may be recouped if providers are non-compliant.



**Require attestation of minimum wage rates (FL):** Providers must agree to pay employees at least \$15 per hour and attest under penalty of perjury that they will do so. An employee of a provider receiving an increased rate that is not receiving a wage of at least \$15 per hour may bring a civil action against the provider. Upon prevailing, the employee shall recover the full amount of any back wages unlawfully withheld plus the same amount as liquidated damages.



**Create rate enhancements to incentivize providers to increase spending on care (TX):** Providers may choose to participate in a rate enhancement program whereby they must spend 90 percent of total attendant revenues on compensation (defined to include salaries, payroll taxes, benefits and mileage reimbursement).



**Require reporting—and ensure enforcement (CO):** In tandem with a rate increase targeted to wages, providers are required to report wage data at the individual level, and the state is empowered to recoup funds from noncompliant providers.

## Endnotes

- 1 DHS data available on the [DHS Provider Page](#), at the link “Non-Submitter Payment Amounts.”
- 2 US DOL data
- 3 PHI data, accessed at: [www.phinational.org/policy-research/workforce-data-center/#states=42&var=Employment+Projections](http://www.phinational.org/policy-research/workforce-data-center/#states=42&var=Employment+Projections)
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- 5 [www.bizjournals.com/pittsburgh/news/2021/04/01/tecum-takes-stake-in-philly-home-care-agency.html](http://www.bizjournals.com/pittsburgh/news/2021/04/01/tecum-takes-stake-in-philly-home-care-agency.html), [www.boynecapital.com/case-study-ameribest-home-care/](http://www.boynecapital.com/case-study-ameribest-home-care/)
- 6 CHC Independent Assessment
- 7 PAS rates data
- 8 [www.bls.gov/oes/current/oes\\_pa.htm](http://www.bls.gov/oes/current/oes_pa.htm)
- 9 [www.phinational.org/policy-research/workforce-data-center/#states=42&var=Health+Insurance](http://www.phinational.org/policy-research/workforce-data-center/#states=42&var=Health+Insurance)
- 10 DHS data available on the [DHS Provider Page](#), at the link “Non-Submitter Payment Amounts.”
- 11 “How Addus is Using ARPA Funds to Attract Talent,” *Home Health Care News* 3/14/23, <https://homehealthcarenews.com/2023/03/how-addus-is-using-arpa-funds-to-retain-talent/>
- 12 Ward, Paula Reed, “Three sentenced in \$87 million Medicaid fraud scheme,” TribLive, 9/28/22, accessed at <https://triblive.com/local/three-sentenced-in-87-million-medicaid-fraud-scheme/>
- 13 US DOL data
- 14 Ravitch, Lizzy McClellan, “Willow Grove-based health-care company that dodged overtime pay now owes workers \$3.8M,” *Philadelphia Inquirer*, 1/11/23, accessed at [www.inquirer.com/business/health/home-health-care-wages-overtime-labor-department-20230112.html#loaded](http://www.inquirer.com/business/health/home-health-care-wages-overtime-labor-department-20230112.html#loaded)
- 15 Market share data calculated using OLTL information on Act 54 payments, which were provided based on the number of care hours provided in the third quarter of 2021, available on the OLTL website at [www.dhs.pa.gov/providers/Documents/Long\\_Term\\_Care\\_Providers/act54-personal-assistance-services-payments.pdf](http://www.dhs.pa.gov/providers/Documents/Long_Term_Care_Providers/act54-personal-assistance-services-payments.pdf). “Taxpayer funding” is calculated by multiplying the number of care hours provided in Q3 2021 by the weighted-average agency reimbursement rate and scaling for the full year 2021. This number reflects regular reimbursement and is exclusive of any one-time payments through CARES Act or ARPA. “Caregivers employed” (full-time equivalent) is calculated similarly, by dividing the number of care hours by a full-time equivalent schedule.
- 16 “Help at Home Acquires Excel Companion Care,” [www.prnewswire.com/news-releases/help-at-home-acquires-excel-companion-care-300390305.html](http://www.prnewswire.com/news-releases/help-at-home-acquires-excel-companion-care-300390305.html)
- 17 Holly, Robert. “PE Firms Reportedly Strike \$1.4B Deal for Wellspring’s Help at Home.” *Home Health Care News*, 9/20/20. <https://homehealthcarenews.com/2020/09/pe-firms-reportedly-strike-1-4b-deal-for-wellsprings-help-at-home/>
- 18 [www.mdcp.com/portfolio](http://www.mdcp.com/portfolio)
- 19 “Help at Home Acquires Open Systems Healthcare,” [www.prnewswire.com/news-releases/help-at-home-acquires-open-systems-healthcare-301711966.html](http://www.prnewswire.com/news-releases/help-at-home-acquires-open-systems-healthcare-301711966.html)
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- 21 “Boyne Capital has sold AmeriBest Home Care to TEAM Services Group, a portfolio company of Alpine Investors,” press release, [www.lincolnternational.com/transactions/boyne-capital-has-sold-ameribest-home-care-to-team-services-group-a-portfolio-company-of-alpine-investors/](http://www.lincolnternational.com/transactions/boyne-capital-has-sold-ameribest-home-care-to-team-services-group-a-portfolio-company-of-alpine-investors/)

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