

Insights, News & Events

# THE AMERICAN JOBS PLAN INVESTS SUBSTANTIALLY IN THE LONG-FORGOTTEN HOME-CARE INDUSTRY – MONEY WELCOMED BY BOTH EMPLOYERS AND EMPLOYEES IN THE TRENCHES

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In response to an industry long in crisis before the pandemic, President Biden's American Jobs Plan allocates substantial investment in the caregiving industry. The Plan aims to allocate \$400 billion toward expanding access to quality and affordable home-care for elderly and disabled Americans. Specifically, through the creation of new, competitive home-care jobs with stronger wages and benefits, the Plan seeks to dramatically expand caliber care to the hundreds of thousands of Americans left out by the previous system. On its face, the Plan's investment in home-care garners bipartisan support and from employers and employees alike.

Currently, wages for essential home-care workers – disproportionately women and people of color – are approximately \$12 per hour, unfortunately putting these uniquely laborious workers among the lowest paid in the United States economy. In fact, one in six home-care workers live in poverty. However, the industry is finally amassing the support and attention it has lacked for decades. The investment in home-based care is bolstered by credible research demonstrating that increasing pay for care workers directly correlates to improved productivity and heightened quality of care provided. Further, another study showed that increasing pay for home-care workers prevented deaths, reduced the number of health violations, and lowered the costs of preventive care. The healthcare industry is predicated upon and driven by the provision of quality care; therefore, in theory, the investment will

## Related People



**Alexa Greenbaum**

Associate

916.210.0405

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## Industry Focus

Healthcare

transform the industry for the better, potentially giving employers and employees alike pause to rejoice.

### **An Industry in Need – Is Help on the Way?**

The home-care industry is unique, requiring a level of passion and dedication from its workforce arguably unparalleled to even the requisite bedside manner of a general physician or registered nurse. Many home-care workers are in the trenches alone with the most vulnerable and sick populations all day every day. Because the job is so difficult, it requires talented, detail-oriented, hardworking, and compassionate individuals. Thus, home-health employers and staffers understand the importance of hiring not only skilled individuals, but those exhibiting an exceptional level of empathy. In an industry that has historically underpaid its workers, such employees are hard to find. Accordingly, the Plan's investment in this sector has solid potential to attract, and thus expand the pool of, qualified workers providing critical care to our elderly and disabled family members, neighbors, and communities.

Specifically, the Plan calls for the spending of \$400 billion over a period of eight years. This amounts to approximately one-fifth of the overall cost of the American Jobs Plan. Because there is no doubt the scale of the home-care crisis is significant, the provision enjoys wide support from Democrats, Republicans, and Independents. This reflects growing concern regarding the nation's inability to absorb the enormous growth of the elderly population – a humanitarian crisis conflated by the limited workforce of talented caregivers, and which threatens to complicate the retirements of millions and force many adult children, predominately daughters, out of the labor market to care for their parents. As baby boomers grow older, the number of seniors is projected to triple by 2050. Unlike most industrialized nations, the United States does not provide public long-term-care benefits for all older adults. Moreover, our care facilities struggle to recruit staff and are desperate for funding, trends only exacerbated by the coronavirus pandemic.

### **Show Us the Money**

Yes, the investment in home-care for recipients overall represents a positive step forward in improving America's healthcare industry – predominately, equal access to quality care throughout one's life. Yet the uncharted path ahead

remains unclear. The Plan's provision provides no guidance as to the allocation of funding, leaving the details to be hashed out in Congress. At this point, it is difficult to predict how the funding plays out, including Medicaid's versus the private sector's respective shares. Although, again, there is a history of bipartisan support for the home-care industry, the debate will thus focus on who gets the money and how much, including the exact wage and benefit increases for workers.

During his campaign, President Biden was more specific on his platform to fund the industry, promising to eliminate the backlog of 800,000 Americans on Medicaid waiting lists for home-based care. Thus, if congressional legislation is solely focused on improving the Medicaid backlog, in practice, the Plan's investment may do little to alleviate the cost pressures for elderly and disabled care straining middle-class families. Fortunately, it is expected congressional Democrats will fill in the blanks. For example, Senator Robert J. Casey Jr. (D-Pa.), who has previously pushed legislation to create a national "Caregiver Corps," has been vocal about including this in the Plan's provision.

### ***Conclusion***

In sum, while in theory the provision is a great step forward to providing skilled home-care to the nation's vulnerable populations, how the money is divided remains up for grabs and the subject of specific congressional legislation. For this reason, the waters ahead are murky for public and private healthcare employers alike. Nonetheless, at the end of the day, we can agree that significantly expanding care to the nation's most vulnerable, affording a healthier and improved quality of life, is largely a good thing for American families and the nation's economy.