

July 3, 2023

Chiquita Brooks-LaSure, Administrator  
Centers for Medicare and Medicaid Services  
Hubert H. Humphrey Building  
200 Independence Avenue, S.W.  
Washington, D.C. 20201  
*Via regulations.gov*

**Re: CMS 2442-P - Ensuring Access to Medicaid Services**

Dear Administrator Brooks-LaSure,

The Private Equity Stakeholder Project (PESP) is a financial watchdog organization that seeks to bring transparency and accountability to the private equity industry for the benefit of impacted communities and investors.

We appreciate this opportunity to support and comment upon the Centers for Medicare and Medicaid Services' (CMS) proposed rule [CMS 2442-P: Ensuring Access to Medicaid Services](#). This groundbreaking rule change is a critical step in removing barriers to care for people with disabilities and older adults.

We particularly applaud the proposed requirement that at least 80% of Medicaid payments for personal care and various home health services go directly toward compensating workers providing homemaker services, home health aide services, and personal care services (HCBS). HCBS workers, who are overwhelmingly women, people of color, and immigrants, are some of the most undervalued workers in the country; almost half of all direct care workers earn below a living wage.<sup>i</sup>

Higher wages for care workers would have clear benefits to improving quality and access to care. For example, a study by the LeadingAge LTSS Center found that increasing the pay of caregivers greatly enhances their financial security, thereby improving productivity and increasing the quality of care afforded to patients.<sup>ii</sup> A study by the Washington Center for Equitable Growth showed that increased pay for caregivers prevented deaths, reduced health violations, and lowered the cost of preventative care.<sup>iii</sup> Additionally, higher wages can alleviate staffing shortages by attracting more people into direct care work, improving consistency of care, and leading to workers working more hours.<sup>iv</sup>

As watchdogs of the financial industry, we believe that this rule will be especially important considering the increasing acquisitions of private equity firms into the home health industry. Home health is one of the top targets for private equity healthcare investment, and private equity increasingly makes up a significant portion of deal activity in the industry; in 2021, private equity accounted for 63% of the 171 of the home care, home health and hospice deals.<sup>v</sup>

See our report: [Private Equity at Home: Wall Street's Incursion into the Home Healthcare and Hospice Industries \(March 2022\)](#)

We are concerned that private equity ownership of home health companies erodes quality of care in the pursuit of profit. The business model for private equity firms, which often target outsized returns over short time horizons and finance many of their acquisitions with high levels of debt, may come at the cost of essential investments in staff and operations. By failing to adequately invest in training, staffing levels, and wages to attract and retain consistent staff, firms may ultimately endanger patients and reduce the quality of care. As private equity firms continue to consolidate the home healthcare industry through acquisitions and add-on investments, it is increasingly important to ensure that private equity's outsized profits do not come at the expense of patient care.<sup>vi</sup>

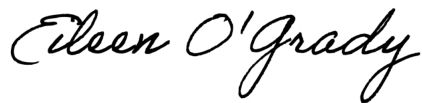
In addition to HCBS payment adequacy, we support the proposed rule changes that strengthen transparency and consumer engagement, including changes to the Medical Care Advisory Committee (MCAC) to ensure more participation from actual beneficiaries of services; replacing Access, Monitoring, and Review Plans (AMRP) in fee-for-service plans with publicly available rate postings; and improving transparency and reporting around collecting and tracking data on critical incidents.

Finally, we applaud the proposed changes to increase oversight and accountability, including requiring states to establish and manage a grievance process for people receiving HCBS in fee-for-service plans, conduct independent secret shopper surveys to verify compliance, and, if found to be falling short, submit a remedy to CMS that details how a managed care plan will work to remove the barriers to access.

We thank you again for the opportunity to provide comment in support of *CMS 2442-P - Ensuring Access to Medicaid Services*. This proposal will go a long way in guaranteeing that older Americans and people with disabilities will be able to access quality affordable care.

If you have any questions, please contact Senior Policy Coordinator, Chris Noble, at [chris.noble@pestakeholder.org](mailto:chris.noble@pestakeholder.org).

Thank you,



Eileen O'Grady,  
Healthcare Director  
Private Equity Stakeholder Project

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<sup>i</sup> Christian Weller, Beth Almeida, Marc Cohen, and Robyn Stone, "Making Care Work Pay," LeadingAge LTSS Center, September 2020. <https://www.ltsscenter.org/wp-content/uploads/2020/09/Making-Care-Work-Pay-Report-FINAL.pdf>

<sup>ii</sup> Christian Weller, Beth Almeida, Marc Cohen, and Robyn Stone, "Making Care Work Pay," LeadingAge LTSS Center, September 2020. <https://www.ltsscenter.org/wp-content/uploads/2020/09/Making-Care-Work-Pay-Report-FINAL.pdf>

<sup>iii</sup> Krista Ruffini, "Worker earnings, service quality, and firm profitability: Evidence from nursing homes and minimum wage reforms," Washington Center for Equitable Growth, June 2020. <https://equitablegrowth.org/wp-content/uploads/2020/06/060420-WP-Worker-earnings-service-quality-and-firm-profitability-Ruffini.pdf>.

<sup>iv</sup> Cassandra Robertson, Marokey Sawo, and David Cooper, "All states must set higher wage benchmarks for home health care workers," Economic Policy Institute, June 2, 2022. <https://www.epi.org/publication/state-home-health-care-wages/>.

<sup>v</sup> Diane Eastbrook, "Watchdog sounds alarm over private equity investment in home health, hospice," McKnights Home Care, March 22, 2022. <https://www.mcknightshomecare.com/watchdog-sounds-alarm-over-private-equity-investment-in-home-health-hospice/>

<sup>vi</sup> Chris Noble, "Private Equity at Home: Wall Street's Incursion into the Home Healthcare and Hospice Industries," Private Equity Stakeholder Project, March 2022. <https://pestakeholder.org/reports/private-equity-at-home-wall-streets-incursion-into-the-home-healthcare-and-hospice-industries/>.