



January 23, 2025

The Honorable Donald J. Trump
President of the United States
The White House
1600 Pennsylvania Avenue, N.W.
Washington, D.C. 20500

Dear President Trump,

On behalf of the Home Care Association of America (HCAOA) and in light of your recent Executive Order entitled "[Regulatory Freeze Pending Review](#)" (issued January 20, 2025), we respectfully request that the HCBS payment adequacy provision contained within the Final Rule entitled "[Ensuring Access to Medicaid Services](#)" (CMS-2442-F)¹ be invalidated or, at the very least, subjected to a comprehensive review. This provision, finalized in April 2024, has far-reaching implications for the home care industry and the vulnerable populations we serve.

By way of background, the payment adequacy provision requires at least 80% of all Medicaid payments for certain Home and Community-Based Services (HCBS) to be allocated to compensation for direct care workers. These services include homemaker services, home health aide services, and personal care services. While we recognize the importance of supporting and strengthening the direct care workforce, the implementation of this provision will cause hundreds of our members to exit the Medicaid space entirely, reducing access for those the rule is meant to serve.

During your recently concluded presidential campaign, you emphasized the need to increase access to home care in America and proposed a tax credit for family caregivers. We believe the HCBS payment adequacy provision is at odds with these sound policy goals.

Your Executive Order rightly emphasizes the need to scrutinize recently finalized regulations that have not yet taken effect. Specifically, paragraph 3 of the order directs federal agencies to delay the effective dates of such rules for 60 days to allow for a thorough review. The payment adequacy provision, scheduled to become applicable in July 2030, with preliminary reporting requirements beginning in July 2028, falls squarely within the scope of this mandate. We believe this provision warrants close examination for several reasons:

1. **Financial Impact on Home Care Agencies:** Home care agencies operate on thin margins, and the mandate to allocate a fixed percentage of payments to direct care worker compensation, irrespective of operational costs, would destabilize the financial sustainability of these agencies. Non-compensation expenses, such as training, supervision, technology investments, and administrative compliance are critical to maintaining high-quality care. By restricting how

¹ Medicaid Program; Ensuring Access to Medicaid Services, [89 Fed. Reg. 40542](#) (May 10, 2024)



Medicaid payments can be utilized, the provision inadvertently undermines the ability of agencies to manage their operations efficiently and effectively.

2. **Impact on Access to Care:** The increased financial strain on home care agencies may lead to closures or reduced service capacity, particularly in rural and underserved areas. This would directly affect the availability of essential home care services for Medicaid beneficiaries, many of whom rely on these services to remain in their homes and communities rather than institutional settings.
3. **Unintended Consequences for Workforce Development:** While the intention of the provision is to enhance compensation for direct care workers, it may inadvertently reduce investments in workforce development initiatives, such as training and professional growth opportunities. Agencies facing financial constraints may prioritize meeting the mandated compensation percentage over funding programs that foster long-term workforce stability and skill enhancement.

The home care industry plays a pivotal role in supporting millions of Americans who depend on HCBS every day. The regulatory environment in which we function must strike a balance between promoting workforce sustainability and ensuring the operational viability of home care providers. Without this balance, the quality and availability of care for Medicaid beneficiaries are at great risk.

Your administration's commitment to regulatory reform provides an opportunity to address these concerns. By reviewing and invalidating the payment adequacy provision of the Medicaid Access Rule, we can work together to develop policies that truly support the home care workforce while preserving the essential services that millions of Americans rely on.

HCAOA stands ready to collaborate with your administration to identify solutions that enhance access to high-quality home care services without imposing undue burdens on providers.

Thank you for your leadership and attention to this critical issue. I would welcome the opportunity to discuss these concerns further and to provide any additional information that may assist in your review.

Sincerely,

A handwritten signature in black ink, appearing to read "Jason Lee".

Jason Lee, CEO
Home Care Association of America