

## Why GAO Did This Study

Employment in home care is projected to grow nearly 40 percent over the next decade to meet demand from an increasing population of older adults and people with disabilities. Home care workers help those who need assistance with activities of daily living such as dressing, eating, or bathing. State Medicaid programs may allow home care for eligible individuals as an alternative to institutional care. The Department of Labor's (DOL) Home Care Rule, which went into effect in 2015, extended FLSA protections to more home care workers. GAO was asked to review the implementation and effects of the Home Care Rule.

This report examines what is known about (1) changes states made to their Medicaid programs in response to the Home Care Rule; and (2) the Home Care Rule's effect on home care provider agencies, workers, and consumers. To address these objectives, GAO analyzed 2010 through 2019 national survey data on workers' hours and wages; interviewed stakeholders from 15 organizations that represent the different groups affected, DOL officials, and home care program officials from three states selected based on variation in their Medicaid programs and minimum wage levels; and reviewed studies on state strategies to implement the Home Care Rule.

View GAO-21-72. For more information, contact Melissa Emrey-Arras at (617) 788-0534 or [emreyarrasm@gao.gov](mailto:emreyarrasm@gao.gov).

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## FAIR LABOR STANDARDS ACT

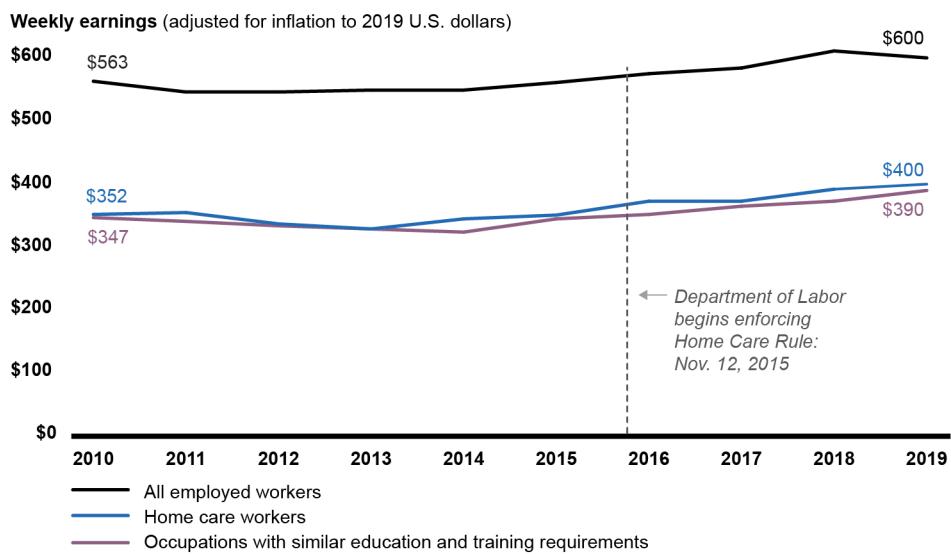
### Observations on the Effects of the Home Care Rule

## What GAO Found

In response to the Department of Labor's Home Care Rule—which extended Fair Labor Standards Act (FLSA) minimum wage and overtime protections to more home care workers—some states made changes in their Medicaid programs, according to studies and GAO interviews with stakeholders and selected state officials. Many stakeholders said the rule led some states to limit home care workers' hours in their Medicaid programs to avoid overtime costs. For example, in Oregon, newly hired home care workers provided through Medicaid were generally limited to 40 hours per week, according to state documentation. Some states also budgeted additional funds for overtime pay. In addition, according to a few stakeholder groups, some states changed service delivery in their Medicaid programs, for example, by discontinuing services such as live-in care. In contrast, several stakeholders said some states did not make any major changes to their Medicaid programs' home care services.

Provider agencies, workers, and consumers experienced changes after the Home Care Rule took effect. Specifically, some provider agencies restricted workers' hours to limit overtime costs, though this can result in the need to hire more workers, leading to increased costs of recruiting, training, and scheduling, according to several stakeholders. GAO's analysis of national survey data found that home care workers, when compared to occupations with similar education and training requirements, were more likely to work full-time but did not earn significantly higher earnings following the Home Care Rule (see figure). Many stakeholders GAO spoke with described ongoing challenges consumers face in obtaining home care services, such as difficulty finding workers to hire.

#### Estimated Median Weekly Earnings of Employed Workers, 2010 through 2019



Source: GAO analysis of 2010-2019 Current Population Survey basic monthly data. | GAO-21-72

Note: The margins of error at the 95 percent confidence level are within plus or minus 7.2 percent of the estimate itself.