

“We aren’t hearing as much about home health aides in the news, but we are dealing with our own crises during this pandemic. It’s a scary time right now for us, as well as for our clients and their families.”

ZULMA TORRES

Home Health Aide at Cooperative
Home Care Associates (CHCA)
Bronx, NY



FEDERAL FACT SHEET

The American Rescue Plan Act of 2021

On March 11, 2021, President Biden signed the American Rescue Plan into law.¹ The fifth COVID-19 relief package, this federal legislation provides \$1.9 trillion to mitigate the ongoing impacts of the pandemic. As well as allocating \$350 billion in flexible funding for states and localities and \$160 billion for a national vaccine roll-out, the law includes a range of provisions targeted at individuals and families, small businesses, health services, childcare, education, transportation, technology, and more. This legislation also recognizes the urgent need for investment in long-term services and supports for older adults and people with disabilities—designating additional funding to expand home and community-based services (HCBS), strengthen nursing homes, and improve direct care jobs.



Did You Know?

Long-term care lost 342,000 jobs from February to December 2020, as the COVID-19 pandemic affected service utilization and as workers left their jobs due to illness, fear of transmission, family responsibilities, economic conditions, and other reasons.² In the wake of these job losses, workforce investments are now critically needed—more than ever—to fill staffing gaps across long-term care settings and build providers' capacity to meet surging demand.

Here's why the American Rescue Plan Act matters for direct care workers and the individuals they support across long-term care settings.

Why It's Needed

The COVID-19 pandemic has accelerated demand for home and community-based services (HCBS)

Long-term care services have been slowly shifting from institutions to the community for decades, in line with legal directives, cost savings, and consumer preference.³ The COVID-19 pandemic has significantly accelerated this trend, however, as states have expanded their HCBS programs to reduce pressure on high-risk, overburdened nursing homes and hospitals. Additional investments are needed to strengthen the rebalancing trend in long-term care and move states toward sustainable, equitable HCBS coverage in the future.

Nursing homes still face grave risks, even as the pandemic outlook improves

COVID-19 has ravaged nursing homes, causing nearly 1.4 million infections and at least 179,000 deaths among residents and staff (as of March 31, 2021).⁴ Thankfully, with vaccination

underway, infection and death rates have decreased dramatically—but nursing homes are still vulnerable to outbreaks, and staffing shortages remain a serious concern.⁵ Action is needed to address these immediate challenges and build nursing homes' infection control capacity going forward.

Despite their undeniably essential contribution, direct care workers remain undervalued

Direct care workers stand at the intersection of several trends shaping this historical moment: as essential workers risking their lives on the frontlines of COVID-19; as low-income workers shouldering the economic burden of the pandemic; and as majority women, people of color, and immigrants facing pervasive inequities in health, wealth, and more. As well as recognition of their contribution, these workers desperately need better compensation and support to sustain their jobs, safeguard their health, and maintain their economic security through the end of this ongoing crisis.

INVESTING IN EQUITY

The American Rescue Plan Act focuses on creating an "equitable economic recovery," explicitly acknowledging that low-wage workers, people of color, and immigrants have been disproportionately impacted by the pandemic.⁶ More than two-thirds of the law's tax cuts and payments target families making less than \$90,000 per year; the state and local aid is allocated according to need, not just population size; and several provisions in the law directly address equity concerns.



What It Includes

Increased funding for home and community-based services

The American Rescue Plan Act includes a 10 percent increase in federal matching funds to help states “enhance, expand, or strengthen” their Medicaid-funded HCBS programs and infrastructure. As well as directly addressing HCBS coverage gaps, eligibility limits, and other concerns, states can use this funding to improve job quality for direct care workers and stabilize the workforce. The law also includes \$1.4 billion for programs under the Older Americans Act and \$8.5 billion for health and long-term care providers in rural areas—two additional sources of federal funding that could be invested in HCBS, among other programs and services.

Targeted investments in nursing homes

While emphasizing the importance of strengthening HCBS, the American Rescue Plan Act also provides support for nursing homes to continue mounting their COVID-19 defense. One key provision is \$250 million to create “strike teams” that can assist with resident care and fill staffing shortages in nursing homes during outbreaks.

“This historic legislation is about rebuilding the backbone of this country and giving people in this nation—working people and middle-class folks, the people who built the country—a fighting chance. That’s what the essence of it is.”

PRESIDENT BIDEN

March 11, 2021⁸

These strike teams have played a valuable role in helping to protect residents and workers in many states throughout the emergency period.⁷ The law also allocates \$200 million to help nursing homes improve their infection control and vaccination protocols, which will have immediate benefits as well as prepare the industry to respond more effectively to future health crises.

Direct payments and other supports for workers

Direct care workers will also benefit from a range of provisions in the law that target individuals and families. These provisions include: stimulus payments of \$1400 per person; increased child tax credits, earned income tax credits, and child and dependent care tax credits; additional assistance with food, housing, and utilities; expanded premium assistance on the health insurance marketplace; and extended unemployment benefits and COBRA insurance coverage. The law also extends a payroll tax credit for employers that offer paid leave. All these supports can help offset the extreme financial precarity that low-income workers are experiencing during the pandemic.



What Should Happen Next

- **The Centers for Medicare & Medicaid Services (CMS) should provide guidance on HCBS investments.** States would benefit from guidance about how to invest the American Rescue Plan Act's enhanced HCBS funding most effectively. Options to strengthen the workforce include: raising wages overall; implementing hazard pay, shift differential pay, or retention bonuses; launching new recruitment programs and pipelines; strengthening training and credentialing systems; building innovative career pathways; establishing matching service registries to connect workers and consumers; and more.
- **States must take immediate action, while also planning for sustainability.** The increased federal match for HCBS only extends for one year, through the end of March 2022. State leaders must act quickly to ensure that these funds are incorporated into state budgets and to implement corresponding policy and programmatic changes. However, within this short timeframe, it will also be critically important for states to begin planning how to sustain their investments when the federal funding expires.
- **Further investments in direct care jobs must be prioritized.** The barriers to economic stability faced by direct care workers will not end with the pandemic—these workers have long struggled with poverty-level wages, insufficient employment benefits, and limited access to affordable housing, childcare, transportation, and more.⁹ Greater investment in their jobs is needed beyond this time-limited legislation—including via the proposed American Jobs Plan, which includes an unprecedented \$400 billion investment in the U.S. caregiving infrastructure.¹⁰

NOTES

1. *American Rescue Plan Act of 2021 (H.R. 1319)*. 2021. Public Law No: 117-2. <https://www.congress.gov/bill/117th-congress/house-bill/1319/text>
2. Campbell, Stephen. 2021. "Will COVID-19 Change Direct Care Employment? New Data Offer Clues." *PHI Newsroom*, April 12, 2021. <https://phinational.org/will-covid-19-change-direct-care-employment-new-data-offer-clues/> To note, this figure includes all long-term care employment, including but not limited to direct care jobs.
3. Scales, Kezia. 2019. *Envisioning the Future of Home Care: Trends and Opportunities in Workforce Policy and Practice*. Bronx, NY: PHI. <https://phinational.org/resource/envisioning-the-future-of-home-care-trends-andopportunities-in-workforce-policy-and-practice/>
4. The New York Times. 2021. "One-Third of U.S. Coronavirus Deaths Are Linked to Nursing Homes." *The New York Times*, March 31, 2021. <https://www.nytimes.com/interactive/2020/us/coronavirus-nursing-homes.html>
5. Cavanaugh, Alison M., Sarah Fortier, Patricia Lewis, et al. 2021. "COVID-19 Outbreak Associated with a SARS-CoV-2 R.1 Lineage Variant in a Skilled Nursing Facility After Vaccination Program — Kentucky, March 2021." *Morbidity and Mortality Weekly Report*, ePub: 21 April 2021. <https://www.cdc.gov/mmwr/volumes/70/wr/mm7017e2.htm>; Spanko, Alex. 2021. "'A Circular Nightmare': Nursing Home Staffing Shortages Only Worsened as 2020 Came to a Close." *Skilled Nursing News*, January 28, 2021. <https://skillednursingnews.com/2021/01/a-circular-nightmare-nursing-home-staffing-shortages-only-worsened-as-2020-came-to-a-close/>
6. The White House. 2021. *American Rescue Plan Fact Sheet*. <https://www.whitehouse.gov/wp-content/uploads/2021/03/American-Rescue-Plan-Fact-Sheet.pdf>
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9. Campbell, Stephen, Angelina Del Rio Drake, Robert Espinoza, and Kezia Scales. 2021. *Caring for the Future: The Power and Potential of America's Direct Care Workforce*. Bronx, NY: PHI. <http://phinational.org/caringforthefuture/>
10. The White House. 2021. *FACT SHEET: The American Jobs Plan*. <https://www.whitehouse.gov/briefing-room/statements-releases/2021/03/31/fact-sheet-the-american-jobs-plan/>

Read a title-by-title summary of the American Rescue Plan Act here: <https://tinyurl.com/2yj6dczx>.



400 East Fordham Road, 11th Floor, Bronx, NY 10458
718.402.7766 • PHInational.org

