

Personal Caregiver Reimbursement – Establishing a Reasonable Structure

Prepared by



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Family, friends and others providing home care are a very important support to Michigan's post-catastrophic care system. There are incredible shortages of nurses and health aides, and Personal Caregivers (family/friends) step in to cover their care. Personal Caregivers often quit or lose their jobs to care for their loved ones. These invaluable caregivers deserve a reasonable pay structure to maintain their household, keep their loved ones in their homes and provide necessary care.

The Need for a Reasonable Fee Structure

- **Personal Caregivers have historically been paid at very low levels.**
 - Prior to reform, there was no consistency in the reimbursement levels received by personal caregivers.
 - Caregivers were forced to choose to accept low payments or use the court system to have fair fees set by judges and juries, requiring extensive resources and attorney fees.
- **No-Fault reform further complicated the system and gives insurers more power to pay low levels.**
 - Without 2019 charges, discretion of payments made to Personal Caregivers is in the hands of insurers or Department of Insurance and Financial Services without a legitimate benchmark.
- **Rural areas lack alternative options.**
 - There is a shortage of home health care providers in rural areas and the Upper Peninsula. Families may not have any other choice in these circumstances, requiring them to provide all of the care for their loved ones.

The Solution: Establishing a Reasonable Fee Structure for Personal Caregivers

- **Clearly defining Personal Caregiver and Setting a reasonable fee brings consistency, fairness, and equity to families who choose and/or need to provide care.**
 - Families will be able to stay financially solvent, allowing their loved one to stay in the home.
 - Litigation will be reduced significantly – lowering costs in the system
 - Families will avoid being reduced to requiring Medicaid and other State assistance
- **Utilizing the Post-Acute Fee Schedule as a reference point, 60% reflects a fair rate.**
 - Personal Caregivers do not receive benefits (overtime, health insurance, paid time off, holiday pay, etc.)
 - Personal Caregivers are required to pay taxes on hourly fees as well as self-employment tax (double Social Security and Medicare), leaving a very low net pay.
- **Injured persons and the system benefit from Personal Caregivers**
 - A [NIH Study](#) finds Personal Caregivers:
 - Decreases medical and hospital use, improving health outcomes
 - Decreases Emergency Room visits by 28%
 - Decreases inpatient hospital stays by 32%
 - Decreases inpatient Medicaid by 37%