The Personal Care Crisis:
Why Virginia Must Act Now

Presented by the Virginia Association of Personal Care Providers (VAPCP)

The Issue at a Glance

Agency-directed personal care is the foundation of Virginia's long-term care system, enabling older adults and individuals with disabilities to remain safely at home rather than entering nursing facilities or other institutional settings. Despite its critical role, this service is at risk -- not because of a lack of need, not because of a lack of ready and willing providers, but because of years of insufficient investment.

- Virginia is among the five lowest Medicaid personal care reimbursement rates in the nation
- Independent, state-commissioned studies confirm current rates are grossly inadequate
- New workforce mandates will increase provider labor costs by nearly 20% with no corresponding rate relief
- Access challenges are already emerging across the Commonwealth
- Without action, Virginians will be displaced into higher-cost institutional care at significantly greater expense to the state

Virginia's personal care system is not failing because of a lack of need, and it is not failing because of a lack of ready and willing providers. It is failing because of a lack of investment -- and the people paying the price are among the most vulnerable in the Commonwealth.

VAPCP is requesting a phased, two-year implementation of approximately 42% in total rate increases -- 22% effective July 1, 2026 and 20% effective July 1, 2027 -- and the convening of a stakeholder workgroup to address the long-term cost impact of workforce mandates on reimbursement adequacy.

About VAPCP

The Virginia Association of Personal Care Providers is the statewide voice for agency-directed personal care in Virginia. VAPCP members include agencies that have served their communities for decades, providers operating across multiple regions of the Commonwealth, and in some cases the only agency serving a given locality. Collectively, our members employ thousands of direct care workers and represent the providers that Virginians with disabilities and older adults depend on to remain safely at home.

VAPCP is grateful for the opportunity to meet with the Office of the Deputy Secretary and to share our perspective during this critical budget session. We recognize that this meeting reflects the administration's commitment to understanding the challenges facing Virginia's most vulnerable residents, and we do not take that invitation lightly.

VAPCP has been sounding the alarm about the personal care reimbursement crisis for years. This session, the impact of that sustained advocacy was evident -- VAPCP members and supporters sent

more than 30,000 emails to legislators, and VAPCP participated in countless meetings with members of the General Assembly to bring attention to the growing access crisis. We are here today because the legislative process has not delivered the outcome Virginia's personal care recipients need -- and because the stakes are too high to stop.

VAPCP looks forward to working with the Administration to preserve access to this essential service, protect Virginia's most vulnerable residents, and avoid the significantly higher Medicaid costs that accompany unnecessary institutional placement.

Virginia's Personal Care Reimbursement Rates Rank Among the Lowest in the Nation

Virginia's current Rest-of-State reimbursement rate for agency-directed personal care is $20.23 per hour, placing the Commonwealth among the five lowest reported rates in the nation according to the Kaiser Family Foundation's 2025 national survey of Medicaid home care payment rates. Virginia's rate falls nearly $6 below the national median of $26.32 and below every neighboring state for which data is available.

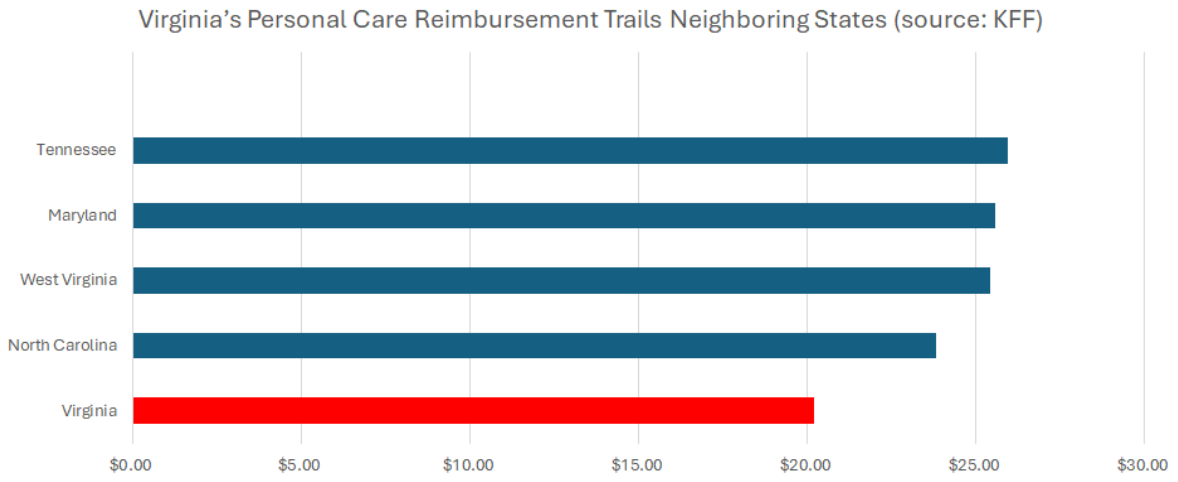


Chart 1. Virginia's $20.23 Rest-of-State rate falls below every neighboring state and nearly $6 below the national median of $26.32. (*Source: KFF Medicaid Home Care Payment Rates Survey, 2025. Kentucky rate not reported.)*

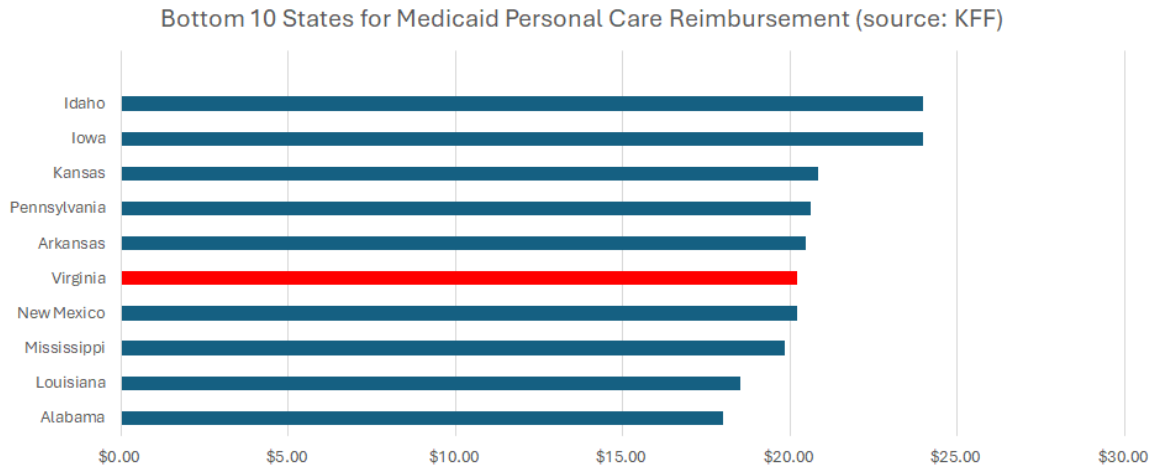


Chart 2. Among the 44 states reporting personal care agency rates to KFF in 2025, Virginia ranks among the five lowest in the nation. (Source: KFF Medicaid Home Care Payment Rates Survey, 2025)

At the time of the KFF study, Virginia ranked 47th nationally. A modest rate increase since publication moves Virginia to approximately 46th -- but at $20.23 per hour, the Commonwealth remains among the lowest in the nation and still falls well below the national median of $26.32.

Lower reimbursement directly limits providers' ability to recruit and retain caregivers, particularly as labor costs continue to rise. While Virginia has made incremental rate increases in recent years, those increases have not kept pace with the cost of delivering care -- a gap that independent analyses have consistently confirmed.

A Growing Gap Between Reimbursement and Workforce Costs

Personal care is a labor-intensive service. Caregiver wages are the single largest operating expense for agency-directed personal care providers, which means that when labor costs rise faster than reimbursement, providers absorb the difference. Since 2019, that gap has grown significantly.

Virginia's minimum wage has increased 76% since 2019, rising from $7.25 to $12.77 per hour. Over the same period, the Medicaid reimbursement rate for agency-directed personal care has increased just 48%, from $13.70 to $20.23 per hour. The gap widens further looking ahead: under current law, Virginia's minimum wage will reach $15.00 per hour by 2028, representing a 107% increase from 2019. Even if the Senate's proposed 8.1% rate increase is implemented, reimbursement will have grown only 60% over the same period.

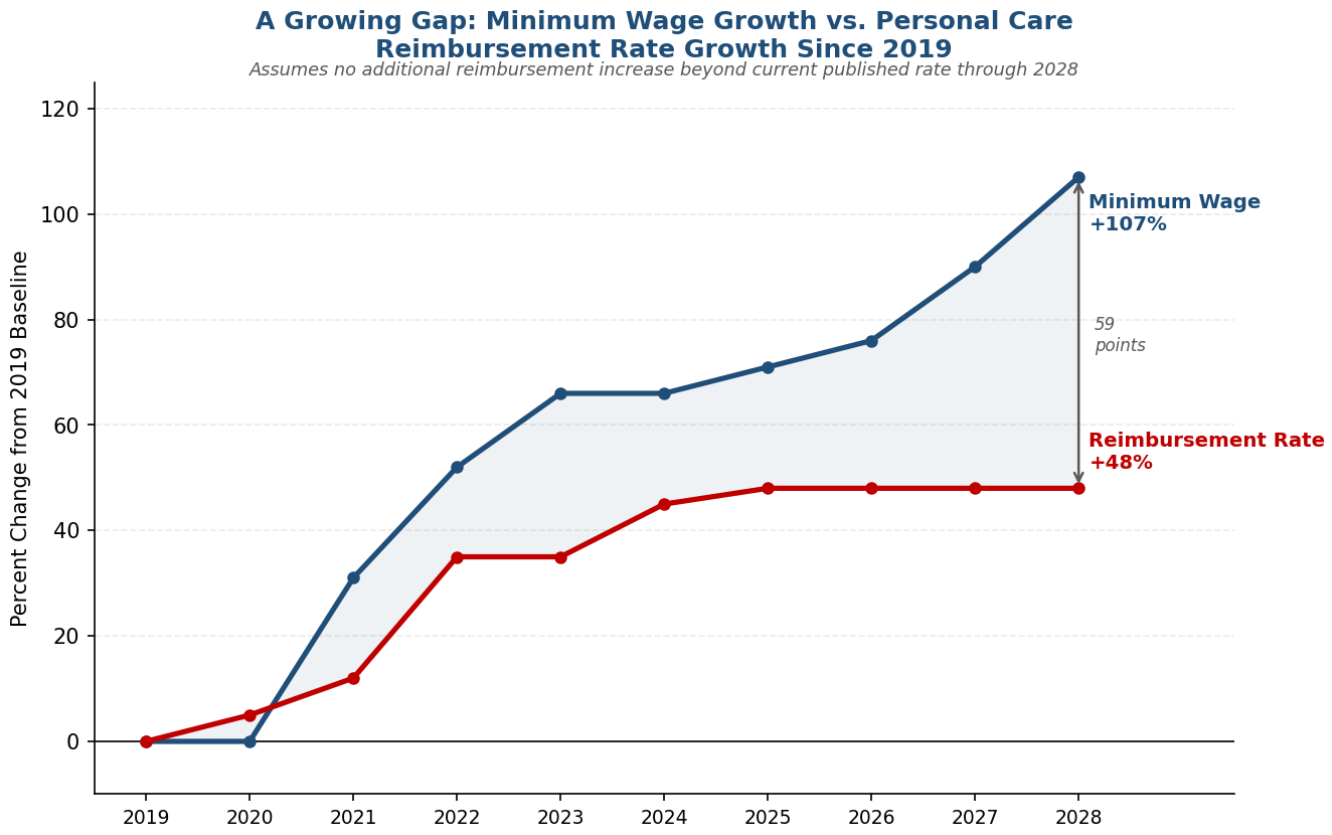


Chart 3. Since 2019, Virginia's minimum wage has grown 76% while personal care reimbursement has grown just 48% -- a gap that widens to 107% vs. 60% by 2028 even with the Senate's proposed increase.

Year	Virginia Minimum Wage	Personal Care Rate (ROS)	Change from 2019 (Min Wage)	Change from 2019 (Rate)
2019	$7.25	$13.70	--	--
2020	$7.25	$14.39	0%	5%
2021	$9.50	$15.31	31%	12%
2022	$11.00	$18.51	52%	35%
2023	$12.00	$18.51	66%	35%
2024	$12.00	$19.83	66%	45%
2025	$12.41	$20.23	71%	48%
2026	$12.77	$20.23*	76%	48%
2028	$15.00**	$21.87***	107%	60%

** Assumes no additional increase beyond current published rate.*

*** If the previously discussed legislative schedule is ultimately implemented.*

**** If the proposed 8.1% increase is implemented.*

Providers cannot absorb this gap indefinitely. And this analysis does not yet account for the additional cost pressures created by new state workforce mandates -- the subject of the following section.

Independent Analyses Confirm Current Rates Are Inadequate

Virginia does not have to take VAPCP's word for it. The General Assembly has twice commissioned independent analyses of its personal care reimbursement rates. Both times, the conclusion was identical -- and both times, the response was inadequate.

Burns & Associates, 2021

In 2021, Burns & Associates evaluated the cost of providing personal care services in Virginia and identified a sustainable reimbursement range of $28.75 to $31.21 per hour. At the time, Virginia's rate was already falling significantly short of that threshold. Today, more than eight years later, Virginia's Rest-of-State rate stands at $20.23 -- still nearly $9 below the floor Burns & Associates identified as sustainable in 2021. The persistence of this gap is not a new problem. It is the result of years of insufficient action.

Guidehouse, 2025

In 2025, the General Assembly commissioned Guidehouse to conduct a fresh evaluation of Virginia's Medicaid reimbursement rates. Guidehouse recommended a 42% increase to personal care reimbursement, finding that current rates are insufficient to support long-term provider sustainability. That recommendation translates to a Rest-of-State rate of $28.75 per hour and a Northern Virginia rate of $33.57 per hour.

> *Two independent studies commissioned five years apart reached very similar conclusions. This is not a coincidence -- it is a consistent, evidence-based finding about the true cost of delivering personal care services in Virginia. The Commonwealth has had this information for years. What has been lacking is action.*

Critically, the Guidehouse study did not account for the subsequent enactment of Paid Sick Leave or Paid Family and Medical Leave. A 42% recommendation that does not include a single dollar of mandate cost makes the true gap between current reimbursement and sustainable service delivery even wider than Guidehouse identified. The Senate's proposed 8.1% increase does not come close to addressing either the baseline inadequacy or the mandate cost pressure that providers will absorb in the coming years.

Benchmark	Rate
Current Rest-of-State Rate	$20.23
Senate Proposed Rate (+8.1%)	$21.86
National Median (KFF 2025)	$26.32
Guidehouse Recommended Rate (+42%)	$28.75 (ROS) / $33.57 (NOVA)
Burns & Associates Sustainable Range (2021)	$31.21 (ROS) / $33.87 (NOVA)

The Senate's proposed 8.1% increase represents a meaningful step, but it falls dramatically short of what two independent, state-commissioned analyses have identified as necessary. And with nearly 20% in additional labor cost increases on the horizon -- none of which Guidehouse factored into its

recommendation -- the gap between reimbursement and the true cost of care will only continue to widen without substantial action.

Rising Workforce Mandates Will Significantly Increase Provider Costs

Personal care is a labor-intensive service. Direct care wages and related employment costs represent the vast majority of provider expenses, leaving agencies with virtually no margin to absorb additional cost pressures. Virginia personal care providers operating at the Rest-of-State rate report average operating margins of approximately 2% -- a figure that reflects years of reimbursement failing to keep pace with rising labor costs.

In the coming years, providers will face a compounding series of workforce mandates -- minimum wage increases, Paid Sick Leave, and Paid Family and Medical Leave -- that will drive labor costs significantly higher with no corresponding increase in Medicaid reimbursement. VAPCP supports policies that strengthen and protect the direct care workforce. However, without adequate reimbursement to implement these mandates, providers will be unable to sustain operations at current service levels.

Using conservative assumptions grounded in state fiscal analyses, these mandates are projected to increase provider labor costs by nearly 20% through 2028 -- while reimbursement remains flat. This figure likely understates the true impact, particularly as PFML contribution rates have not yet been finalized and experience in other states indicates that costs typically rise after the first year of implementation.

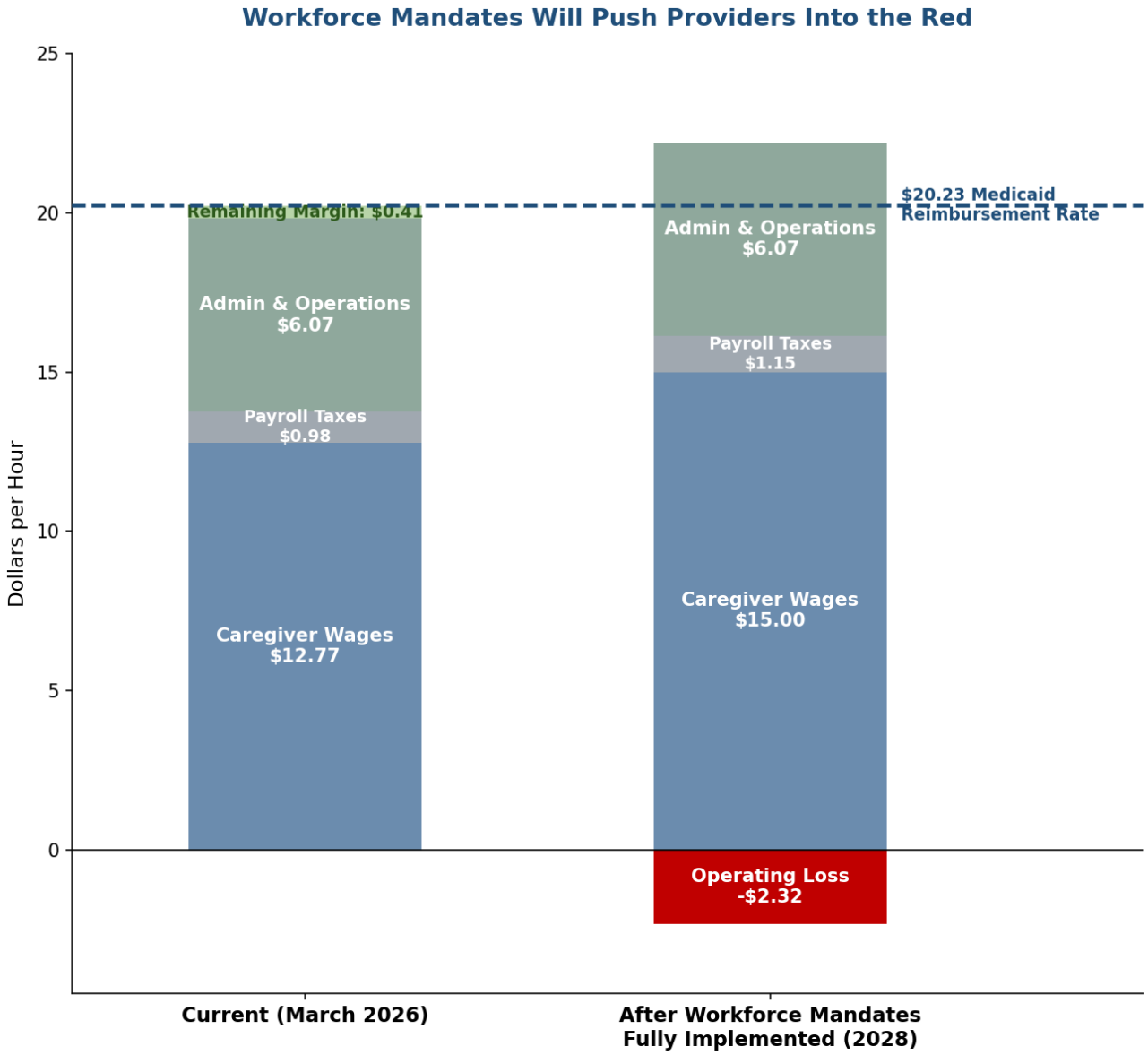
It bears emphasis that none of these mandate costs were included in the Guidehouse study's 42% recommendation. The true reimbursement gap -- when mandate costs are layered on top of the Guidehouse baseline -- is larger still.

Many providers are already subsidizing Medicaid personal care losses with revenue from other services they offer. This cross-subsidization is not sustainable. As mandate costs accelerate, providers will face a stark choice: reduce or eliminate personal care services, or risk the financial viability of their entire operation.

Table 1. Projected Impact of Workforce Mandates on Provider Labor Costs.

Effective Date	Mandate	% Labor Cost Increase	Cumulative % Increase	Reimbursement Increase
1/1/27	Minimum Wage to $13.75	7.6%	7.6%	0%
7/1/27	Paid Sick Leave	2.5%	10.1%	0%
1/1/28	Minimum Wage to $15.00	9.1%	19.2%	0%
4/1/28	Paid FML (employer tax)	0.32%	~19.5%	0%

PFML employer contribution based on the General Assembly Fiscal Impact Statement estimate of 0.72% of wages, with employers responsible for approximately 50% of the total contribution. The actual rate will be set by the Virginia Employment Commission no later than October 2027. Experience in other states indicates PFML contribution rates typically increase after initial implementation, suggesting this estimate may understate the long-term cost impact.



** Operating loss calculated using conservative assumptions. PFML employer contribution based on GA Fiscal Impact Statement estimate of 0.72% of wages. Actual PFML rate will be set by VEC no later than October 2027. Experience in other states suggests costs typically rise after initial implementation, indicating this figure may understate the true long-term impact.*

Chart 4. Under current reimbursement levels, workforce mandates are projected to eliminate providers' thin operating margins entirely, resulting in an estimated loss of $2.32 per hour by 2028.

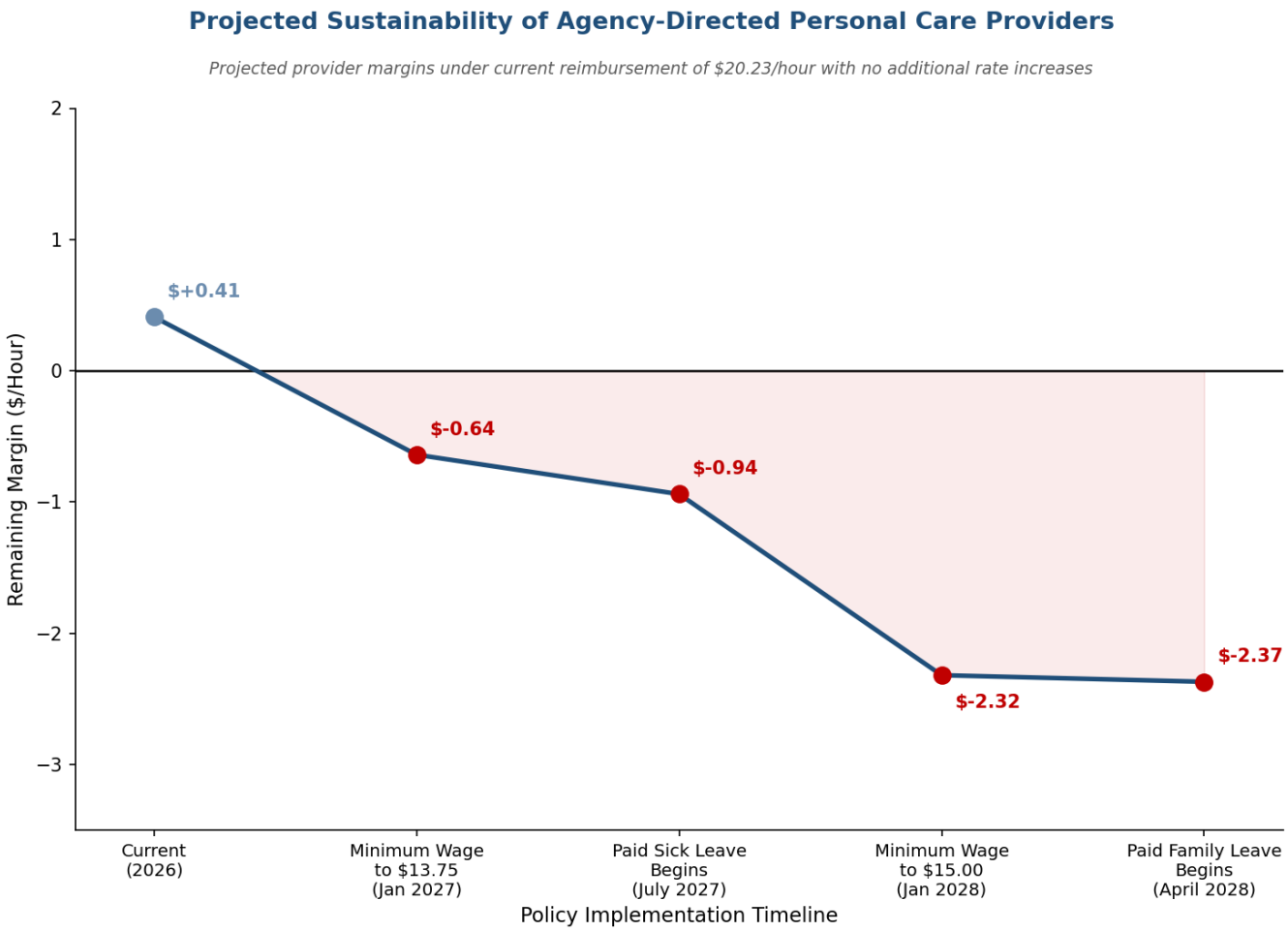


Chart 5. With reimbursement held flat at $20.23 per hour, each workforce mandate further erodes provider margins -- moving from a $0.41 surplus today to a projected loss of $2.37 per hour by April 2028.

Note: These projections use conservative assumptions grounded in state fiscal analyses. Even under these assumptions, current reimbursement levels are insufficient to maintain providers' existing operating margin of $0.41 per hour. To simply maintain today's already inadequate $0.41/hr margin after mandates are fully implemented, providers would need a 13.5% rate increase -- before a single dollar of improvement in sustainability is achieved. The Guidehouse recommendation of 42% reflects what is actually needed.

Because labor represents the overwhelming majority of service delivery costs, these increases have a direct and immediate impact on provider sustainability. Without corresponding reimbursement adjustments:

- Providers will be expected to operate at a loss
- Workforce recruitment and retention challenges will intensify
- Provider participation in the Medicaid program will decline
- Access to agency-directed personal care will become increasingly limited across the Commonwealth

Access to Care Is Becoming More Difficult Across Virginia

The workforce and reimbursement challenges described in this brief are not abstract projections. They are producing real and measurable gaps in access to care across the Commonwealth today. A 2024 VAPCP survey of member providers found that access challenges are universal -- not isolated to rural areas or individual agencies, but present across every responding provider.

The Data Is Unambiguous

- 100% of surveyed providers reported active client waitlists
- The average waitlist was 11 clients per provider
- Clients wait 6 to 8 weeks to begin services after approval
- 100% of providers reported being unable to fully staff authorized care hours
- 15% of approved personal care hours go unstaffed
- 50% of approved respite hours go unstaffed

These numbers reveal a critical distinction: Medicaid approval does not equal access to care. Thousands of Virginians have been found eligible for personal care services and had those services authorized -- and still cannot receive them because agencies do not have enough caregivers to staff approved hours.

The Workforce Is Leaving

Providers across the Commonwealth are losing experienced, skilled caregivers to employers in retail, hospitality, and other industries that can offer higher wages and more predictable schedules. This is not a national workforce trend that Virginia cannot influence -- it is a direct consequence of reimbursement rates that do not allow agencies to compete for workers in their own communities.

The scale of this problem is documented nationally. According to PHI, a leading direct care workforce research organization, the home care industry's annual turnover rate reached nearly 80% in 2024 -- an increase of 12% since 2022. The median wage for direct care workers nationally was just $17.36 per hour in 2024, lower than every other occupation with similar entry-level requirements in all 50 states. In Virginia, where the Medicaid reimbursement rate cannot support competitive wages, the challenge is even more acute. 36% of direct care workers nationally live in or near poverty, and 49% rely on public assistance programs to make ends meet. Virginia is asking caregivers to serve its most vulnerable residents while struggling to meet their own basic needs.

When Agencies Cannot Staff, Families Pay the Price

When personal care services cannot be staffed, the burden falls on families -- and it is a burden that is breaking them. Across Virginia, family members -- spouses, adult children, adult grandchildren -- are stepping in to provide care that authorized Medicaid services should be delivering. They are reducing their work hours. They are leaving jobs entirely. They are depleting savings, forgoing career opportunities, and sacrificing their own physical and mental health to provide round-the-clock care for loved ones who have been approved for services they cannot access. These are not isolated cases. They represent a quiet, largely invisible crisis playing out in homes across the Commonwealth -- one that compounds the human cost of inadequate reimbursement with the economic cost of lost workforce participation and family financial devastation.

Local Systems Are Feeling the Strain

In February 2026, an eligibility worker at the Augusta County Department of Social Services reported a waiting list of more than 80 individuals who had been approved for Medicaid waiver services but could not access care. These were not individuals awaiting a determination of need -- they had already been found eligible. Their need had already been assessed. The Commonwealth had already determined that without personal care services, they would require nursing facility placement.

And yet they could not access agency-directed personal care. They could not access consumer-directed personal care. They could not access assisted living. They could not access nursing facility placement. Every option available to them had failed simultaneously.

Some of these individuals experienced repeated hospitalizations while waiting. Others experienced significant deterioration in their health and functioning. Some died while waiting for services the Commonwealth had already approved.

Augusta County is not an outlier. It is a window into what is happening -- and what will continue to happen at greater scale -- if Virginia does not act.

A Federal Concern

In April 2026, VAPCP filed a formal complaint with the Centers for Medicare and Medicaid Services citing access to care concerns across the Commonwealth. CMS reviewed the complaint and forwarded it directly to the Director of the Virginia Department of Medical Assistance Services, requesting a response. To date, the underlying access challenges that prompted the complaint remain unresolved.

The Cost of Inaction

Investing in adequate personal care reimbursement is not simply the right thing to do for Virginia's most vulnerable residents -- it is the fiscally responsible choice. Agency-directed personal care is one of the most cost-effective services in Virginia's entire Medicaid portfolio. When that system fails, the costs do not disappear. They shift -- to higher-acuity settings, to emergency departments, and to nursing facilities that cost Medicaid significantly more than home-based care ever would.

The Numbers Are Clear

A Medicaid member receiving 30 hours per week of personal care costs approximately $87 per day to support at home. The same individual in a nursing facility costs Medicaid more than $250 per day -- nearly three times as much. This is a conservative comparison. Many personal care recipients require more than 30 hours per week, meaning the true cost differential is often even greater.

Setting	Approximate Daily Medicaid Cost
Agency-Directed Personal Care (30 hrs/week)	~$87/day
Nursing Facility Care	$250+/day

If just 1,000 Virginians who could otherwise remain at home transition to nursing facility care as a result of inadequate access to personal care services, Medicaid expenditures could increase by approximately $60 million annually. Virginia currently has more than 11 clients on the average provider waitlist, with new access challenges emerging every month. The pipeline of individuals at risk of unnecessary institutional placement is not hypothetical -- it is already forming.

Nursing Facility Placement Is Not Simply Available on Demand

The assumption that individuals who lose access to personal care can simply transition to nursing facilities is not supported by the evidence. A 2024 survey by the Virginia Healthcare Association found that the majority of Virginia nursing homes are already maintaining waitlists for new admissions due to staffing shortages. Nationally, the home care industry's turnover crisis is mirrored in nursing facilities, where occupancy rates are rising while bed inventory declines. Virginians who lose access to personal care services may find themselves without any good alternative -- unable to access the caregiver they need at home, and unable to find a bed in the facility that would otherwise serve as the safety net.

This Is About More Than Dollars

Behind every cost comparison is a person -- an older adult who wants to remain in their own home, a family that has built their lives around a loved one staying in the community, an individual with a disability whose independence depends on a caregiver showing up. Institutional placement is not just more expensive. For the people it affects, it represents a fundamental loss of dignity and independence that no subsequent budget adjustment can restore.

Inaction Is Not the Fiscally Conservative Choice

The question before the Commonwealth is not whether to spend money on personal care. It is whether Virginia will spend that money wisely -- investing in a cost-effective home-based system that keeps people where they want to be -- or whether it will allow that system to erode and absorb the far greater costs that follow. Every dollar not invested in adequate personal care reimbursement today carries the risk of becoming three dollars in nursing facility costs tomorrow -- if a bed can even be found.

What We Are Asking For

VAPCP recognizes that Virginia faces a challenging budget environment. Federal Medicaid funding reductions and revenue shortfalls have placed significant pressure on the Commonwealth's finances, and we do not come to this conversation without an appreciation for those constraints. We come because the cost of inaction is greater than the cost of action -- and because the window to preserve Virginia's personal care system is narrowing.

Our Request

VAPCP requests a phased, two-year implementation of approximately 42% in total rate increases for agency-directed personal care, respite, and companion services, grounded in the Guidehouse study commissioned by the General Assembly:

- 22% effective July 1, 2026 -- immediate relief for providers already at the breaking point, and ahead of the January 2027 minimum wage increase
- 20% effective July 1, 2027 -- ahead of Paid Sick Leave and further minimum wage increases taking effect

The Guidehouse study was commissioned by the General Assembly itself. Its findings are not VAPCP's projections -- they are Virginia's own conclusions about what adequate reimbursement requires. This structure is consistent with SB30 Amendment #47s, sponsored by Senator Head during this session, which proposed a similar phased approach grounded in the same Guidehouse findings. That amendment cited a first-year general fund cost of $160.2 million. In a constrained budget environment, that is a significant investment -- but it is a fraction of the Medicaid cost Virginia will absorb if personal care providers are forced to reduce capacity and Virginians are displaced into nursing facilities.

In addition, VAPCP requests the convening of a formal stakeholder workgroup -- including representatives from DMAS, the Office of the Secretary of Health and Human Resources, the General Assembly, and VAPCP -- to evaluate the impact of workforce mandates on personal care reimbursement and develop recommendations for implementation no later than July 1, 2028. This timeline aligns directly with the full implementation of minimum wage increases, Paid Sick Leave, and Paid Family and Medical Leave -- the mandates that Guidehouse did not account for and that will determine whether Virginia's personal care providers can remain financially viable even after the rate increases are fully implemented.

The Bottom Line

Virginia commissioned a study. The study said rates need to increase by 42%. That recommendation did not account for a single dollar of new workforce mandate costs. The Senate has proposed 8.1%. The Commonwealth's most vulnerable residents -- and the providers they depend on -- cannot absorb the difference.

Virginia's personal care system is not failing because of a lack of need, and it is not failing because of a lack of ready and willing providers. It is failing because of a lack of investment -- and the people paying the price are among the most vulnerable in the Commonwealth. The question is not whether Virginia can afford to act. It is whether Virginia can afford not to.