POLICY BRIEF NO. 1

HEALTH CARE *for* Health Care Workers

An Initiative of the Paraprofessional Healthcare Institute

The Facts about a Critical Gap in Long-Term Care

Caregivers without Coverage

People who are frail and elderly, chronically ill, or living with a severe disability often need more than the help of family and friends for their day-to-day care.

In the U.S., we are increasingly dependent on a workforce of paid caregivers. They help our loved ones while we are at work or busy with life's other responsibilities. We rely on them to answer our mother's call bell in the nursing home, cook food for a friend who has had a stroke, or help a young person with a disability to pay his bills or take a bath.

These "direct-care workers" provide the personal, hands-on assistance necessary to maintain a good quality of life. Especially for the millions of people who have no family to assist them, paid caregivers are truly a life-line.

Caregivers without Health Care

- One in every four nursing home workers[i] — and more than two out of five home care workers[ii] — lack health insurance coverage.
- Direct-care workers are uninsured at a rate that is 50 percent higher than the general population under age 65, and nursing home workers are two times more likely to be uninsured than hospital workers.[iii]
- Without health insurance, chronic medical conditions go untreated. One study found that one-third of uninsured home care workers with diabetes were not getting regular care.[iv]
- Without health insurance, workers are vulnerable because caregiving is dangerous work. Nursing home aide ranks second only to truck driver in the government's list of most dangerous professions,[v] due to the high rate of back injuries from lifting and moving patients. Car accidents pose the greatest danger for home care workers.

[i] W. J. Scanlon, May 2001, "Nursing Workforce: Recruitment and Retention of Nurse Aides is a Growing Concern," GAO testimony (Washington, DC: General Accounting Office).

[ii] D. Lipson and C. Regan, March 2004, "Health Insurance Coverage for Direct-care Workers: Riding Out the Storm," *Better Care Better Jobs Issue Brief* (Vol. 1, No. 3).

[iii] Case et al., March 2002, "No Care for the Caregivers: Declining Health Insurance Coverage for Health Care Personnel and Their Children, 1988-1998," *American Journal of Public Health* (Vol. 92, No. 3).

[iv] Michael R. Cousineau, June 2000, "Providing Health Insurance to IHSS Providers (Home Care Workers) in LA County," (Oakland, CA: California Healthcare Foundation).

[v] U.S. Bureau of Labor Statistics (BLS), 1999, available at: www.bls.gov. Also see: Institute of Medicine, 1996, *Nursing Staff in Hospitals and Nursing Homes: Is It Adequate?* (Washington, DC: National Academy Press).

Will caregivers be there when we need them most?

Ironically, the people we count on to provide support and assistance are struggling economically and often unable to access affordable health care. Most earn wages below the federal poverty level, and as many as one-third of direct-care workers have no health insurance. They go to work every day with the stress of not knowing who will care for them or their families if they get sick or injured.

Without health insurance it can be a challenge to stay healthy and hold down a steady job. When going to the doctor means long waits, hefty bills or both, people tend to delay or do without. Bronchitis left untreated can turn into pneumonia —endangering both the caregiver and her client—and a serious illness left undetected could mean being forced to leave the caregiving workforce altogether.

Low wages and few benefits force many workers to seek other ways to make a living. In our nation's home care agencies, half of all workers leave their jobs each year; in our nursing homes, that average rises to more than seven out of ten workers.[1] When this happens our systems break down. Elders do not get the help they need to move from bed to bathroom, they do not eat proper meals, and those who are alone at home risk serious accidents and miss their connection to the outside world.

Health care benefits give caregivers the security and health care services they need to stay in their jobs. Studies show that turnover rates fall when workers receive health insurance benefits and better wages.[2] By addressing the health care crisis for health care workers, we can ensure that caregivers will be there when our loved ones need them most.

Why direct-care workers are not covered

Direct-care workers are falling through the holes of our nation's employer-based health care system. While nearly two-thirds of all Americans under age 65 obtain health coverage through an employer, only 48 percent of nursing home aides and 34 percent of home care aides do so.[3] Even though they are working, they may find themselves uninsured because:

They are not offered coverage by their employers. About one in five home health aides and one in ten nursing home

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aides work for temporary staffing agencies, which rarely provide health coverage to employees. Also, direct-care workers employed by small businesses (such as home care agencies with less than 50 employees) often find that they are not offered any type of health insurance benefit. In some cases, benefits are offered to licensed caregivers such as nurses but not to direct-care workers.

They are ineligible for health benefits because they are part time or new hires. While many long-term care organizations provide health benefits to direct-care workers, many limit their costs by excluding certain employees, including part-time workers and new hires. While most nursing home aides work full-time, only 34 percent of home care aides work full-time,[4] frequently making them ineligible for coverage. Waiting periods for new hires of several months are also common. With high turnover rates in long-term care, this leaves many workers uninsured.

They cannot afford to participate in their employer's health insurance plan. Even when they do qualify for employer plans, many workers choose not to enroll because they cannot afford the cost-sharing requirements. For example, a survey of Iowa nursing home workers found that while 70 percent of those surveyed said their employer offered insurance, only 43 percent said they could afford it. On average, workers are asked to contribute $600 a year toward employer-based health care plans and much more for family coverage.[5] For direct-care workers, these costs are a significant percentage of their income. Research in this area shows that when premium costs reach 5 percent of family income, enrollment among low-income workers falls dramatically.[6]

They are self-employed. Many workers who provide in-home care are "independent providers" hired directly by consumers. Some states and counties have formalized these arrangements and established structures for providing benefits to this workforce. But many independent providers do not have any employer but the client they assist. Expensive individual health insurance policies are not an option for these workers, many of whom earn as little as $5.15 per hour. While some in this sector may receive insurance through a spouse's plan or earn so little that they qualify for Medicaid, many are uninsured.

Ironically, the people we count on to provide support are struggling economically and often unable to access affordable health care.

Who Are Direct-Care Workers?

- Approximately 2.4 million workers are employed as certified nursing assistants, home health aides, direct support professionals, and personal aides or assistants.[i] They work for nursing homes, home health agencies, assisted living and other residential facilities, or directly for clients or their families.
- Caregiving jobs are among the fastest growing in the U.S.; the government projects 868,000 new direct-care positions by 2012.[ii]
- In 2003, nationally, direct-care workers earned an average of $9.20 per hour, significantly less than the average U.S. wage of $13.53 for all workers. Annual incomes for home care workers are often much lower than these hourly wages reflect, as a result of unstable hours, precipitated by client turnover, and the part-time nature of the work. Almost a fifth of all direct-care workers earn annual incomes below the federal poverty level,[iii] which is $15,670 for a family of three.
- Direct-care workers' incomes are often so low that they or their children qualify for public assistance programs. For example, 30 to 35 percent of all nursing home and home health aides who are single parents receive food stamps.[iv]
- Nine out of ten direct-care workers are women, their average age is approximately 40, and nearly half are people of color.[v]
- Studies show that people in these demographic groups suffer disproportionately high rates of chronic medical conditions. For example, a recent survey found that 37 percent of African American women over the age of 45 report poor health and 29 percent have diabetes.[vi]

[i] U.S. Bureau of Labor Statistics (BLS), May 2003, "Occupational Employment Statistics May 2003" (Washington, DC: U.S. Bureau of Labor Statistics).

[ii] D. E. Hecker, February 2004, "Occupational Employment Projections to 2012," *Monthly Labor Review* (Washington, DC: U.S. Bureau of Labor Statistics).

[iii] Health Resources and Services Administration (HRSA), February 2004, "Nursing Aides, Home Health Aides and Related Health Care Occupations: National and Local Workforce Shortages and Associated Data Needs" (Washington, DC: HRSA).

[iv] W. J. Scanlon, May 2001, "Nursing Workforce: Recruitment and Retention of Nurse Aides is a Growing Concern," GAO testimony (Washington, DC: General Accounting Office).

[v] Ibid.

[vi] A. Salganicoff, U.Ranji, and R. Wyn, July 2005, "Women and Health Care: A National Profile" (Menlo Park, CA: Kaiser Family Foundation), available at: www.kff.org.

...many [direct-care] workers choose not to enroll because they cannot afford the cost-sharing requirements.

Providing health care for health care workers is possible

In our world of limited budgets and rising costs, solving the health care crisis for the people who care for our loved ones is not easy. The good news is that successful models already exist, proving it can be done. Here are just a few examples of approaches by states, employers, and unions that could be replicated to bring even more workers the health coverage they deserve:

1. Pool Together Small Employers: Pool together small employers or independent providers so they can negotiate with insurance companies for more affordable rates.

Where it's working: Oregon and California formed "public authorities," employers of record for self-employed home care workers. As a result, workers were able to unionize, and in partnership with consumers, successfully advocate for affordable group health insurance benefits.

2. Increase Eligibility for Publicly Funded Plans: Make direct-care workers eligible for public health insurance programs or state health plans.

Where it's working: Rhode Island's RiteCare program makes family child care providers eligible for the same health benefits package offered by their state Medicaid program. The same could be done for direct-care workers.

3. Subsidize Premiums: Subsidize small employers' and employees' premiums for private insurance.

Where it's working: DirigoChoice is a state-subsidized low-cost health insurance plan in Maine. Individuals who are self-employed or who work for businesses with 50 employees or less are eligible. Employers pay 60 percent of the premium cost; low-wage workers receive a sliding scale subsidy to cover their share. Since many of Maine's long-term care employers are small businesses, they can take advantage of this opportunity to provide their employees with a comprehensive insurance plan.

4. Tie Increased Reimbursement Rates to Health Benefits: Increase Medicaid reimbursement rates and earmark these funds for health benefit improvements.

Where it's working: More than a dozen states have adopted "wage pass-throughs," increases in Medicaid reimbursement rates for long-term care employers that are targeted for wage or benefit improvements for direct-care workers. While most have been used exclusively for wage increases, this is a model that could be adapted to focus more on affordable health benefits.[7]

The High Cost of Care

- The average premium cost for individual employer-sponsored coverage rose to over $4,000 per year in 2005 and family health insurance premiums are nearly $11,000 a year, about equal to the full-time earnings for a minimum wage worker.[i]
- For long-term care employers, premiums are even higher than average because direct-care workers are considered high risk. In addition, many long-term care providers are too small to negotiate effectively with insurance companies for lower group rates.
- The high cost of care means fewer and fewer employers are offering health coverage. The percentage of long-term care employers offering health benefits declined from 69 percent in 2000 to 60 percent in 2005.[ii]
- Many nursing facilities and home care providers rely heavily on Medicaid reimbursement for the services they provide. But Medicaid reimbursement rates, which vary by state and sector, do not always account for the cost of health insurance or other benefits for workers.

[i] Kaiser Family Foundation, 2005, "Employer Health Benefits: 2005 Annual Survey," available at www.kff.org.

[ii] Ibid.

Caring for the caregiver

Direct-care workers do this work because they care and know they are making a difference for the consumers they serve. But without health insurance, caregivers are just one major illness or accident away from financial ruin. Making sure that these workers have access to affordable health insurance coverage will help to ensure job stability and consistent care, and provide everyone—long-term care consumers, family members, and workers alike—with a better future.

Endnotes

[1] D. Seavey, October 2004, "The Cost of Frontline Turnover in Long Term Care," *Better Jobs Better Care Policy Report* (Washington, DC: IFAS/AAHSA).

[2] C. Howes, November 2002, "The Impact of Large Wage Increase on the Workforce Stability of IHSS Home Care Workers in San Francisco County" (Berkeley: University of California Center for Labor Education and Research); N. Duffy, 2004, "Keeping Workers Covered: Employer-Provided Health Insurance Benefits in the Developmental Disabilities Field" (New York: Institute for Worker Education, City University).

[3] Keystone Research Center, October 2005, analysis of March CPS 2002-2003, prepared for Paraprofessional Healthcare Institute.

[4] R. Montgomery et al., 2005, "A Profile of Home Care Workers from the 2000 Census: How It Changes What We Know," *The Gerontologist* (Vol. 45, No. 5).

[5] Kaiser Family Foundation, 2005, "Employer Health Benefits: 2005 Annual Survey," available at www.kff.org.

[6] L. Ku and T. Coughlin, 2000, "Sliding Scale Premium Health Insurance Programs: Four States' Experience," *Inquiry* (Vol. 36).

[7] Paraprofessional Healthcare Institute, April 2003, "State Wage Pass-Through Legislation: An Analysis," *Workforce Strategies No. 1* (New York: PHI and the Institute for the Future of Aging Services).

Health Care for Health Care Workers is an initiative of the Paraprofessional Healthcare Institute (PHI). The nonprofit Paraprofessional Healthcare Institute works to strengthen the direct-care workforce within our nation's long-term care system. PHI's program activities include developing innovative approaches to recruitment, training, and supervision; client-centered caregiving practices; and effective public policy. Our premise is that creating quality jobs for direct-care workers is essential to providing high-quality, cost-effective services to long-term care consumers. To learn more, see the PHI website: **www.paraprofessional.org**

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