PAYING FOR QUALITY CARE: State and Local Strategies for Improving Wages & Benefits for Personal Care Assistants

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DSW TA Call

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“Can I find a qualified worker to provide the services I need?”

- **Premise of this paper** Fundamental role of wages & benefits in determining adequacy & stability of personal care services (PCS) workforce

- **Growing research linking quality of jobs with quality of care**
Current State of Wages & Benefits for PCS Workers

- Near-poverty level wages
  - $8.18 = median hourly wage in 2004

- Lack of access to affordable benefits
  - 40% of PCS workers don’t have health insurance

- Minimal training

- Erratic, part-time work schedules
Consequences of Poor Compensation

- Worker shortages
- High turnover rates & retention problems
- Lack of qualified staff
- Greater need for backup & emergency services
- Disincentives for providers to invest in training & workforce retention practices
- PCS jobs uncompetitive in local job markets
What’s Happening Around the Country To Improve Compensation?

7 state & local strategies...
State & Local Strategies

1. Wage pass-through legislation
2. Rate enhancements linked to provider performance
3. Reform of reimbursement rate-setting methods
4. Litigation against state Medicaid agencies
5. Collective bargaining by PCS workers
6. Living wage ordinances and minimum wage increases
7. Health insurance initiatives targeting PCS workers
1. Wage Pass-Thru Legislation

- **What is it?** Legislatively-enacted appropriations earmarked for specific groups of direct-care workers

- **State examples** Used in about 24 states; WY & DC more successful

- **Problematic results** Trickle-down too small; unreliable; enforcement inadequate; time consuming & expensive for advocates
2. HCBS Rate Enhancements

- **What is it?** State gives enhanced rates to providers meeting specified performance goals.

- **State examples** RI, TX

- **Results**
  - In RI, evidence of higher wages & benefits, improved retention.
  - Enhancements can’t solve problem of inadequate base rates.
3. Reform of HCBS Rate Setting

**What is it?** Implementation of systematic, on-going methods for:
- Setting HCBS payment rates based on provider costs &/or competitive market rates
- Evaluating adequacy of rates over time

**Currently, *ad hoc* approaches “rule”**
- No explicit state method for rebasing & updating rates
- Rather, rates set in response to fiscal changes & advocacy pressure
3. Rate-Setting Reform (cont’d)

- **State examples** AZ and TX
- **Results** Rate-setting reform can:
  - Reduce reliance of rate setting on political process & link it to costs of providing services
  - Reduce provider uncertainty about funding
  - Promote consistency & coordination across programs & departments
  - BUT does not necessarily guarantee better wages/benefits
4. Litigation v. State Medicaid Agencies

- **What is it?** Federal lawsuits brought by Medicaid-eligible individuals; state lawsuits by provider associations

- **State examples**
  - Federal lawsuits: AZ, CA, CO, MS, WI
  - State lawsuits: KS, NH

- **Results** Pressure on states to improve reimbursement methods, increase payment rates & wages. Downsides: time consuming & expensive
5. Collective Bargaining by PCS Workers

- **What is it?** Public authority + worker representation = regular contract negotiations

- **State examples**: CA, OR, WA, MI (MA underway)

- **Results**: About 400,000 workers affected; important increases in wages & benefits
6. Living Wage Ordinances & Minimum Wage Improvements

- What’s happening?
  - Living wage ordinances impacting PCS workers in NY City area, San Francisco
  - 17 states & DC have minimum wage (MW) above federal level. 4 states index MW to inflation (WA, OR, FL, VT)
  - 2 cities have MW laws (San Francisco, Santa Fe)
6. Living Wage Ordinances & Minimum Wage Improvements (cont’d)

- Often significant wage increases for many low-wage workers, including PCS workers
- Sets floor under low-wage labor market; creates upward pressure on overall wage scale
7. Health Insurance Initiatives

- Debate broadening beyond wages to improving benefits, particularly health insurance
- What emerging research says about role of benefits
- Dozen states have health insurance focus/initiative on PCS & other direct-care workers
7. Health Insurance Initiatives (cont’d)

- Subsidizing employer-sponsored insurance
- Innovative employer-based insurance
- Outreach for already existing plans
- Recommendations by high-level state groups
- State legislation
- New national campaign: www.coverageiscritical.org
Conclusions

- Central role of improved wages & benefits in ensuring adequate care quality in HCBS LTC system

- Biggest weak spots
  - Lack of federal oversight & guidance
  - Problematic state rate-setting methods for HCBS

- State & local strategies for improving wages & benefits—what are they achieving?
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