



PHI NATIONAL POLICY AGENDA: Wages and Benefits

Problem

Just over three million workers provide daily assistance to older adults and people with disabilities within our nation's long-term care system. Most are working-poor women (including many single parents and women of color). According to the latest employment projections, a million more direct-care workers will be needed by 2016 to meet the demand for services from the growing number of Americans over age 65. In fact, the two main occupations responsible for providing services in people's homes and the community--*Personal and Home Care Aides* and *Home Health Aides*--are projected to be our nation's second and third fastest-growing occupations over the next ten years, increasing by about 50 percent from 2006 to 2016.

Our long-term care system faces a huge recruitment challenge – a challenge made more difficult by the poor quality of many direct-care jobs. The vast majority of frontline workers earn wages below \$10.00 per hour and nearly one in three lack health insurance coverage. Some direct-care workers are not even protected by basic federal wage and overtime laws. Furthermore, these jobs typically come with minimal training, and the work is often erratic and part-time, with limited opportunity for advancement. This poor job quality fuels the long-term care industry's high turnover rates (70 percent annually in nursing homes and estimated at 50 percent in home care) as direct-care workers leave the field for better compensated, more stable work that is less emotionally and physically demanding.

Solutions

Research shows that better pay and, maybe more importantly, health coverage are critical to ensuring the adequacy and stability of the direct-care workforce. There is nothing inherent about these jobs that make them low quality. In fact, they are the jobs of the future—they can't be outsourced; they are recession-proof and they can be powerful economic drivers improving the lives of many low-income families and spurring community revitalization.

Providing decent paying jobs for direct-care workers is the key to ensuring quality of life and quality of care for millions of Americans with disabilities and chronic illnesses.



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To improve wages and benefits for direct-care workers, PHI recommends that policymakers take the following actions:

- **Revise the companionship exemption to the Fair Labor Standards Act to extend federal minimum wage and overtime protections to home care aides.** To minimize disruption to service delivery, implementation should include extensive prior notice to states and home care providers, as well as guidance on managing any resulting increase in the cost of providing services.
- **Increase government payment for long-term care services and supports** to promote parity between the compensation received by certified nursing assistants and direct-care workers who provide similar supports in home and community-based settings.
- **Encourage states to establish minimum standards for wages and benefits** paid to direct-care workers under public programs, including requiring states to demonstrate that reimbursement rates are based on market analyses of wages and benefits of comparable occupations and are adequate to attract a workforce sufficient to meeting demand for long-term care services and supports.
- **Encourage states to target payment policies**, ensuring that state and federal funds *directly* improve wages and benefits for direct-care workers through such measures as: wage floors; minimum percentages of service rates allocated to direct-care labor costs; incentive payments for superior performance with respect to staffing adequacy, stability, and care quality; procurement/contracting standards; and wage pass-throughs.
- As part of CMS review processes and quality assurance systems, **develop guidance to states concerning both the monitoring of wages and benefits paid to direct-care workers and rate-setting principles and standards** that support an adequate and stable direct-care workforce.
- **Support the development of market-based** demonstrations that examine the impact of increases in direct-care wages and benefits on retention or that extend health care coverage to direct-care workers providing publicly funded supports and services.

PHI (www.PHInational.org) works to improve the lives of people who need home and residential care—and the lives of the workers who provide that care. Using our workplace and policy expertise, we help consumers, workers and employers improve long-term services and supports by creating quality direct-care jobs. Our goal is to ensure caring, stable relationships between consumers and workers, so that both may live with dignity, respect, and independence. For more information on the PHI national policy agenda, contact Steve Edelstein, Director of National Policy, at sedelstein@PHInational.org or 718.402.7413.