

Health Care Coverage for Direct-Care Workers: 2008 Update

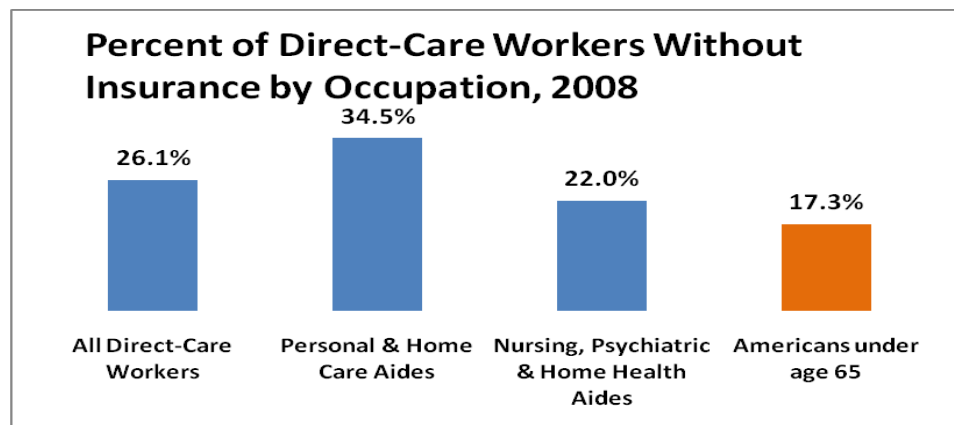
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Direct-care workers deliver critical services and supports every day to hundreds of thousands of people of all ages with disabilities. Although they constitute a critical segment of our nation's health care workforce and face some of the highest injury rates of any occupation in our economy, over one in four direct-care workers (26.1 percent) did not have any health coverage in 2008. This means that an estimated 800,000 direct-care workers went without health insurance coverage during the year.

The data for this report are based on PHI's analysis of the March Supplement of the 2009 Current Population Survey, a nationally representative telephone survey of individuals conducted annually by the Census Bureau. Using the CPS, we define the "direct-care workforce" by two occupational categories: "Nursing, Psychiatric & Home Health Aides," and "Personal & Home Care Aides." In our analysis, we examined the numbers of direct-care workers who in 2008 reported receiving: a) employer-provided health insurance, b) other private health insurance, c) public insurance, or d) no insurance (uninsured). We also analyzed the incidence of health coverage by the various industry subgroups that make up the eldercare and disabilities sector, such as nursing and residential care, home health care services, and employment by private households.

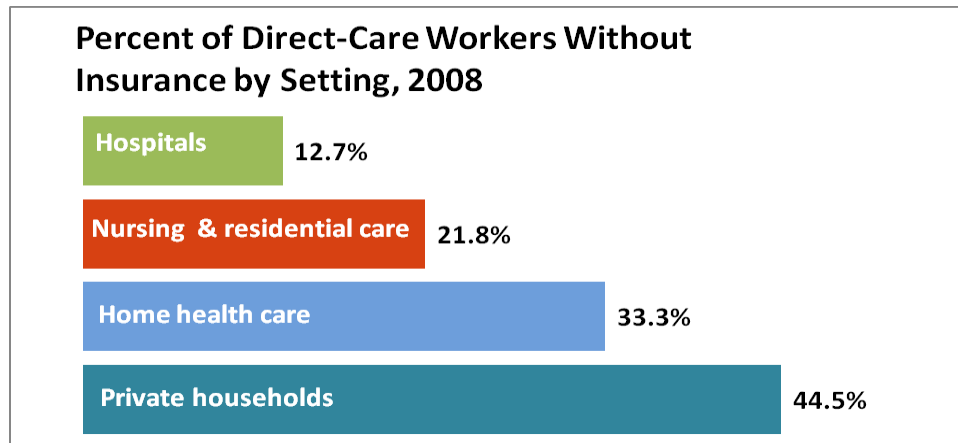
Uninsured by Occupation

Lack of accessible, affordable health care coverage continues to be a serious problem for the direct-care workforce. While many Americans under age 65 lack health insurance (17.3 percent), direct-care workers continue to have considerably higher rates of uninsurance (26.1 percent). In particular, over a third of Personal and Home Care Aides (34.5 percent) reported having no insurance in 2008 (34.5 percent) compared to 22.0 percent of Nursing, Psychiatric, and Home Health Aides.



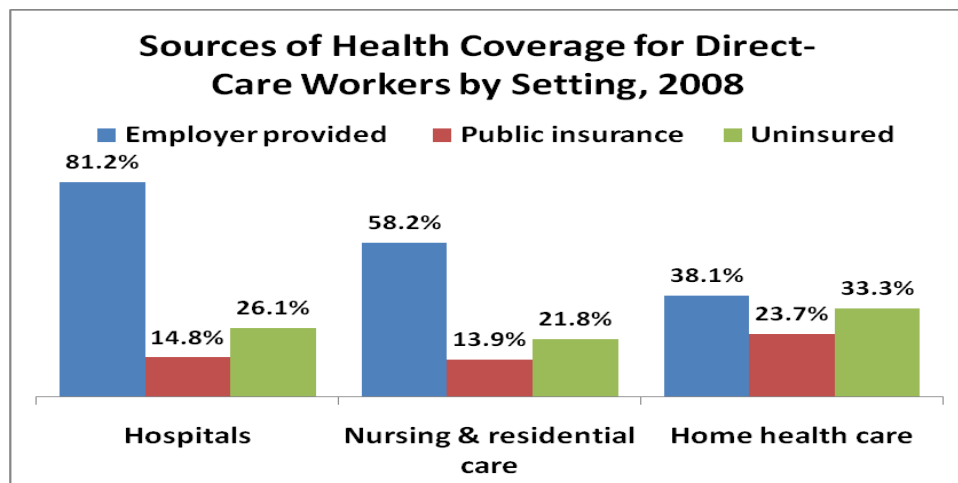
Uninsured by Industry/Setting

Direct-care workers are employed in a variety of eldercare and disability industries, and the rate of health insurance coverage varies widely across these settings. For instance, one-third of direct-care workers working in home health care services lacked health care coverage compared to only 12.7 percent of hospital aides. Furthermore, over 40 percent of direct-care workers who were directly employed in private households reported no insurance. One in five direct-care staff employed in nursing and residential care facilities lacked insurance.



Employer-Based Insurance

The relatively high uninsurance rate of direct-care workers in home and community-based settings is largely attributable to the fact that employer-sponsored insurance (ESI) is less available from these employers. For example, while 81.2 percent of hospital aides reported employer-based coverage, only 38.1 percent of aides working for home health care services were covered by their employers. In nursing and residential care facilities, nearly 60 percent of direct-care workers reported ESI in 2008. Overall, 53 percent of direct-care workers reported employer-based coverage—a significantly lower rate than for U.S. workers generally (70 percent).



ESI tends to be less available in home and community-settings for several reasons. Home care agencies do not always offer coverage, or only offer it to full-time workers. Additionally, while home care agencies may offer coverage, the premiums and co-pays may make the insurance unaffordable for direct-care staff. The national median wage for Personal and Home Care Aides in 2008 was only \$9.22.

Public Insurance

Publicly-provided insurance (*e.g.*, Medicaid and Medicare) is an important source of health insurance for the direct-care workforce, providing coverage to 14.8 percent of all direct-care workers. Public coverage is particularly important for direct-care workers who earn the lowest wages, and therefore are more likely to qualify for income-dependent public insurance programs. For example, about a quarter (23.7 percent) of direct-care workers in home health care services reported public insurance coverage.

Conclusions

More than one in four direct-care workers lacked insurance coverage in 2008, an uninsurance rate that has held steady over the four year period during which PHI has tracked CPS health insurance data. Direct-care staff working in home and community-based settings were particularly likely to be uninsured: 35 percent of Personal and Home Care Aides—one of the largest occupations in the economy—reported having no coverage.

While employer-sponsored insurance is the largest source of insurance for direct-care workers—as it is for American workers generally—its availability varies greatly by where these workers are employed. Individuals working in home and community-based settings were much less likely to receive employer-sponsored insurance than hospital-based direct-care workers or nursing home workers.

This finding is particularly worrisome given the system-wide shift away from institutionally-based long-term care towards home and community-based care. Direct-care jobs in the latter sector are expected to grow faster than nearly all other jobs in the economy over the next decade, and they are among the occupations expected to produce the greatest number of new positions.

Given this high level of demand and the link between the provision of health insurance and employee recruitment and retention, state and federal policy makers face a critical challenge, particularly since Medicaid and Medicare currently account for about two-thirds of the funding for wages and benefits for direct-care workers. If direct-care workers are to rely on employer-sponsored coverage, policy makers must establish effective payment methods that build the cost of health coverage into the reimbursement rates that eldercare and disability service providers receive.