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**ISSUE BRIEF**

# **Job Quality for New York’s Home Care Aides: Assessing the Impact of Recent Health Care and Labor Policy Changes**

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The move to managed care, in combination with recent changes in labor policies, has affected how home care services are structured and delivered across New York State. Our analysis shows that managed care has the potential to improve home care jobs, but government support and intervention is imperative to ensure home care aides benefit from these changes. Thus far, most improvements in job quality have come through new laws, regulations, or payment incentives. Importantly, a comprehensive and up-to-date workforce information system would enhance the government’s ability to effectively intervene, while providing benefits to home care aides, providers, and plans.



Over the past seven years, New York has experienced a number of notable policy changes that have affected the delivery of home and community-based services. Medicaid — the largest source of funding for long-term services and supports — has largely transitioned into a system in which managed care plans administer and pay for Medicaid benefits. In addition, new labor rules and regulations, such as increases in the minimum wage, have been enacted to better compensate and support the state’s millions of low-wage workers who work in economic sectors such as retail, fast food, and health care.

In this rapidly shifting environment, it is easy to lose track of home care aides — the workforce that provides the majority of paid, hands-on care to people needing long-term services and supports, largely elders and people living with disabilities. While New York has seen improvements in compensation, training, and other areas of employment, little workforce data is publicly available to bolster our understanding of how system changes are affecting this vital workforce.

PHI’s interactions with home care workers, home care agencies, and managed long-term care plans provide a window into these key actors and unique insight into changes in the field. This report highlights how recent changes in New York’s health care system and labor rules have affected job quality for home care aides. It is meant to assess how this workforce is faring and to highlight how job quality — which affects the quality of care for New York’s most vulnerable residents — can be affected by policy and practice reforms.

## **DID YOU KNOW?**

In this paper, the term “home care aide” includes two official occupations: home health aide and personal care aide. Home health aides receive 75 hours of training as compared to 40 hours for personal care aides, but both are employed by home care agencies to deliver personal care and support services to older New Yorkers and people living with disabilities. For the purposes of this paper, the term “home care aide” does not include personal assistants who are hired directly by consumers participating in the Medicaid Consumer Directed Personal Assistance Program.

# BACKGROUND

## Quality Care through Quality Jobs

When PHI was founded in 1991, it dedicated its work to altering an industry that made little investment in direct care workers: personal care aides, home health aides, and nursing assistants. Wages were low and benefits were often nonexistent. Across the long-term care continuum, turnover and vacancy rates were high. PHI sought to change the model through reforming public policies at the national and state level and by working with long-term care providers around the country to improve employment practices.

In 2002, PHI worked with LeadingAge (then the American Association of Homes and Services for the Aging) to create and implement a national demonstration that would test whether investing in the workforce and creating better jobs resulted in better care. This initiative, Better Jobs Better Care (BJBC),<sup>1</sup> ran from 2002 – 2006 and concluded that job quality and quality care are intertwined in a variety of ways. BJBC used PHI’s “Nine Elements of a Quality Job for Caregivers” (Figure 1) to assess job quality. The nine elements were shown to contribute to better retention and caregiver success, resulting in better care.<sup>2</sup>

**Figure 1:** The Nine Elements of a Quality Job for Caregivers



<sup>1</sup> Stone RI, Dawson SL. The Origins of Better Jobs Better Care. *The Gerontologist*. 2008;48 (Special Issue I); 5-13.

<sup>2</sup> PHI, “The 9 Essential Elements of a Quality Job.” Accessed on August 1, 2016 at: <http://phinational.org/9-essential-elements-quality-job>

The nine elements framework has since been used extensively by PHI and other workforce leaders to frame initiatives related to direct care job quality. In this paper, we return to the nine elements to examine how New York’s recent transition to managed long-term care and several critical changes in labor rules are affecting home care aides across the state.

## The Logic of “Quality Care Through Quality Jobs” (QCQJ)

Home care aides work tirelessly to provide care to their clients. However, they are only able to provide high-quality care when they have proper training and support. The nine essential elements of a quality job for caregivers delineates this theory of quality care through quality jobs.

When job quality is poor and workers do not have adequate wages or training, they often choose to leave the field. High turnover and vacant positions are costly to providers and undermine the continuity of care for consumers. By contrast, providing quality jobs for home care aides leads to increased worker satisfaction with their job, increased retention, and increased expertise, which supports care coordination. In other words, quality jobs lead to quality care.



## Changes to New York’s Health Care Delivery System

Since 2011, New York State (NYS) has made significant progress in redesigning its Medicaid system.<sup>3</sup> The main goal of this effort has been “care management for all,” which has been achieved largely by transitioning the delivery of most Medicaid benefits — including long-term care — to managed care plans. Managed care plans are private (for-profit and non-profit) health insurance plans that contract with health care providers to offer health services to the plans’ enrollees.

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<sup>3</sup> NY Department of Health, “A Plan to Transform the Empire State’s Medicaid Program.” Accessed on August 1, 2016 at: [https://www.health.ny.gov/health\\_care/medicaid/redesign/docs/mrtfinalreport.pdf](https://www.health.ny.gov/health_care/medicaid/redesign/docs/mrtfinalreport.pdf)

The new Medicaid managed care system requires home care agencies to negotiate contracts with managed care plans rather than contracting directly with state and local government. In some instances, this new system has led to an environment in which the agencies that accept the lowest rates receive the most cases. Since Medicaid is the largest funding source for these services, these depressed payments have increased financial pressure on home care agencies, limiting their ability to fully support quality jobs for their home care aides.

## Changes in Labor Rules

In addition to the shift to managed care, a number of recent changes in labor policy have increased worker protections, but have also increased labor costs for providers. These changes include:

- **Wage Parity**, which mandates a minimum wage and benefit package for home care aides in New York City, Westchester, and Long Island.<sup>4</sup> Wage Parity went into effect in 2014 and the wage and benefit floor is adjusted annually.
- A revision to the federal **Fair Labor Standards Act (FLSA)**, which went into effect in October 2015, extending minimum wage and overtime protections to previously excluded home care aides. Employers are now required to pay aides 1.5 times their base wage (rather than minimum wage in NYS) for overtime hours (more than 40 hours per week) and to compensate them for travel time between clients.<sup>5</sup>
- An increase in the **minimum wage** to \$15 per hour in New York City and the surrounding areas, and \$12.50 in the rest of the state, by 2021.<sup>6</sup>

While these changes have raised the wage floor for home care aides, the full cost of these increases is not reflected in Medicaid contracting rates. Inflexible rates that don't cover fixed labor costs further compound the financial issues faced by home care agencies, limiting their ability to provide quality jobs for their home care aides.

## THE IMPACT ON JOB QUALITY FOR HOME CARE AIDES

The convergence of increased labor costs and the transition to managed care has had a significant impact on home care agencies and their employees. The following sections use PHI's "nine elements" framework to analyze how these changes have affected the quality of jobs for home care aides in New York. This analysis specifically examines changes and trends in the overall system, not within individual home care agencies.

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<sup>4</sup> PHI (2014), "Wage Parity for Home Care Aides." Accessed on August 1, 2016 at:

<http://phinational.org/sites/phinational.org/files/research-report/medicaid-redesign-watch-1.pdf>

<sup>5</sup> PHI (2015), "FLSA Facts." Accessed on August 2, 2016 at: <http://phinational.org/sites/phinational.org/files/flsafacts-20131206.pdf>

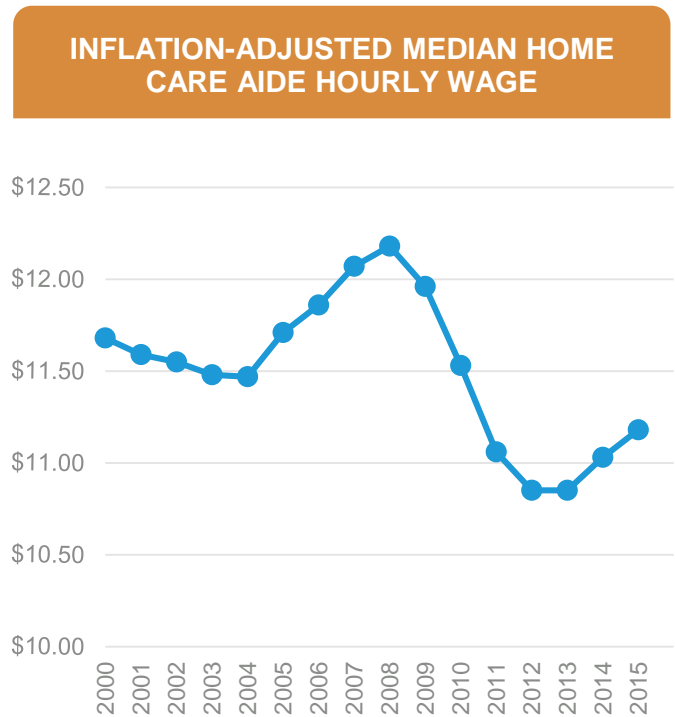
<sup>6</sup> NYS Department of Labor, "Minimum Wage." Accessed on August 1, 2016 at: <http://www.labor.ny.gov/workerprotection/laborstandards/workprot/minwage.shtml>

## Compensation

### Family-Sustaining Wages

Family-sustaining wages allow a family to meet its basic financial needs, such as food, health care, and housing. Since 2000, NYS median hourly wages for home care aides have gradually increased. However, our analysis shows that this increase has not kept pace with inflation (see graph). In today's dollars, home care aides are earning less than they were 15 years ago.

The financial pressures that have accompanied the change to managed care have constrained agency budgets, resulting in agencies offering home care aides only the required minimum wage. Fortunately for home care aides, federal and state policy changes have significantly increased this wage floor. As noted earlier, New York's Wage Parity law, the reinterpretation of the federal FLSA, and an increase in the state minimum wage all have contributed to better compensation for home care aides. Though wages remain insufficient, since 2012 the trend has been toward a family-sustaining wage.



Source: PHI analysis of US Department of Labor Statistics, "Occupational Employment Statistics." Accessed on August 1, 2016 at: <http://www.bls.gov/oes/tables.htm>

### Family-Supportive Benefits

Family-supportive benefits include health insurance, paid time off, a pension, and other employer policies that ensure home care aides have the opportunity to care for themselves and their families. Four recent laws have sought to improve benefits for low-wage workers:

- The **Affordable Care Act (ACA)** is a federal law that has helped aides gain access to health insurance through insurance subsidies and expanded Medicaid eligibility.<sup>7</sup> Additionally, New York elected to take advantage of the option to provide lower-cost subsidized insurance for individuals with incomes up to 200 percent of the federal poverty level, creating the Essential Health Plan, which became available on January 1, 2016.<sup>8</sup>
- **Wage Parity** set a minimum level of benefits for home health aides in New York City, Westchester, and Long Island. However, agencies can choose to pay this extra amount in supplemental wages, and the structure of the benefits differs by agency.<sup>9</sup>

<sup>7</sup> US Department of Health and Human Services (2016), "5 Years Later: How the Affordable Care Act is Working for New York."

<sup>8</sup> NY State of Health, "Essential Health Plan." Accessed on October 18, 2016 at: <http://info.nystateofhealth.ny.gov/EssentialPlan>

<sup>9</sup> PHI, "Wage Parity for Home Care Aides."

- The New York City **Earned Sick Time Act** entitles employees working in the City to one hour of paid sick leave for every 30 hours worked, up to 40 hours (5 days) per year.<sup>10</sup>
- The state will phase in **Paid Family Medical Leave** beginning in 2018, allowing qualified workers to take up to 12 weeks of paid leave to care for an infant or family member with a serious health condition.<sup>11</sup>

While the ACA and Wage Parity have promoted access to health insurance, the percentage of home care aides without coverage is nearly three times the state average (17 percent vs. 6 percent).<sup>12</sup> More research and publicly available data is needed to determine why this is the case, but anecdotal evidence suggests that many home care aides choose to go without insurance due to high costs.

One strategy the state has used to encourage enrollment has been the Quality Incentive Vital Access Provider Pool (QIVAPP), funds designated to help cover Wage Parity costs for employers who meet certain quality standards. To qualify for these funds, a home care agency must provide a comprehensive health coverage plan that at least 30 percent of aides enroll in — among other requirements.<sup>13</sup> This policy recognized that simply offering the coverage was not adequate — it needs to be offered in a manner that makes financial sense for aides.

In addition to expanded health coverage, aides could benefit from New York’s expansion of paid family medical leave. Home care aides, who are over 90 percent female<sup>14</sup> and tend to be older than the state’s workforce overall,<sup>15</sup> often have family care responsibilities on top of their paid work. However, because many home care aides work inconsistent schedules and on an hourly basis, it remains unclear how many will be able to take advantage of this benefit.

Finally, any analysis of the impact of wage and benefit increases must also take into account access to public benefits such as housing assistance, child care assistance, and nutrition support. Public benefit eligibility levels have not been adjusted to account for increases in the minimum wage, which means that a wage increase can result in the loss of important income supports. Wages may go up, but total family income, *including the value of public benefits*, may remain flat or even decline.<sup>16</sup>

While the ACA and Wage Parity have promoted access to health insurance, the percentage of home care aides without coverage is nearly three times the state average (17 percent vs. 6 percent).

<sup>10</sup> NYC Consumer Affairs, “Paid Sick Leave Law.” Accessed October 18, 2016 at: <http://www1.nyc.gov/site/dca/about/paid-sick-leave-law.page>

<sup>11</sup> PHI (April 5, 2016), “NY Increases Minimum Wages, Creates Paid Family Leave.” Accessed on August 1, 2016 at: <http://phinational.org/blogs/new-york-increases-minimum-wage-creates-paid-family-leave>

<sup>12</sup> PHI analysis of the American Community Survey, U.S. Census Bureau (2015). 2014 ACS 5-year PUMS. Retrieved from <http://www.census.gov/programs-surveys/acs/data/pums.html>

<sup>13</sup> Cook & Rodat (2017), “New York’s Home Care Quality Incentive Pool: Lessons Learned.” PHI. To be published April 2017.

<sup>14</sup> PHI analysis of the American Community Survey, U.S. Census Bureau (2015). 2014 ACS 5-year PUMS. Retrieved from <http://www.census.gov/programs-surveys/acs/data/pums.html>

<sup>15</sup> U.S. Census Bureau (2015). Median Age by Sex for Workers 16 to 64 Years, 2010-2014 American Community Survey 5-Year Estimates. Retrieved from

[https://factfinder.census.gov/faces/tableservices/jsf/pages/productview.xhtml?pid=ACS\\_15\\_5YR\\_B23013&prodType=table](https://factfinder.census.gov/faces/tableservices/jsf/pages/productview.xhtml?pid=ACS_15_5YR_B23013&prodType=table)

<sup>16</sup> Dawson & Rodat (2014), “The Impact of Wage Parity on Home Care Aides.” PHI.

The structure of public benefits must be adjusted so total income, including benefits, increases with a higher wage and when an aide works more hours.

Overall, changes in public policy have given home care aides more access to family-supportive benefits. To determine whether these benefits are accessible and contributing to greater economic stability, additional data is needed.

## Full-Time Hours

This element includes full-time hours, if desired, as well as stable work schedules, balanced workloads, and no mandatory overtime. Consistency in scheduling allows families to have stability and estimate income — permitting planning and reducing stress. In many cases, this stability is as important as having sufficient wages and benefits.

In reality, hours, wages, and benefits cannot be separated, as they combine to determine total income. As previously discussed, wages and benefits have generally improved over recent years. These changes have led to increased labor costs for home care agencies, but reimbursement rates have not increased proportionally under managed care. Consequently, many home care agencies, especially those that are downstate and have sufficient workforce capacity, now assign additional workers to clients who need more than 40 hours of care per week to avoid overtime costs. Anecdotal evidence suggests that many home care aides have lost hours with their primary employer and are now choosing to work for multiple employers to make ends meet. This negatively impacts the stability of an aide's job as well as access to employer-provided benefits, which are typically only available to full-time workers. More data is needed to determine the extent of this problem.

## Opportunity

### Excellent Training

Excellent training, which includes both entry-level and ongoing training opportunities, helps aides develop the skills necessary to support their home care clients. PHI has found that the most successful home care aide training programs are adult learner-centered and engage participants in activities that enhance learning while also developing important job-readiness skills.<sup>17</sup>

Unfortunately, as managed care rates have failed to keep up with increased labor costs, agencies have reduced their training budgets or jettisoned their training programs in order to reduce their non-mandatory spending. Rather than providing quality employer-based training, many agencies are hiring aides who have been trained elsewhere.

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### DID YOU KNOW?

Because of erratic scheduling, a home care aide's hours can vary from week to week, causing great fluctuation in income. New York employers generally consider full-time work between 30 and 35 hours per week — with each employer making its own determination. However, overtime is only paid after an aide has worked over 40 hours in a single week.

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<sup>17</sup> PHI (2008), "Adult Learner-Centered Training: An Introduction for Educators in Home and Residential Care."



This means that workers seeking entry-level training may have to go to a community college or proprietary school, both of which typically are more expensive than agency-run trainings.<sup>18</sup> Also, these programs commonly rely on lectures and textbooks, teaching methods that PHI research has shown often fails to meet the needs of learners and reduces retention.<sup>19</sup> Further, no data is collected on program outcomes (e.g., graduation rates, access to employment), or the retention of graduates once in the field. Without information on the costs of training and subsequent employment, home care aides cannot assess which programs offer high-quality training and provide the greatest chance of employment at the lowest cost.

One important development on this front: when the NYS Department of Health created the QIVAPP pool to help cover Wage Parity costs for quality employers, one of the requirements was that training for home care aides exceed minimum requirements for entry-level or in-service trainings.<sup>20</sup> Recognizing that minimum training standards are insufficient for preparing a skilled, stable workforce is important, but much more can be done to improve the quality of training for New York’s home care aides.

## Participation in Decision Making

Home care aide participation in decision making includes playing an active role in workplace organization and care planning, as well as having the opportunity to impact public policies that affect care. Thus far, the progress on aide participation in workplace organization and care-planning decisions has been inconsistent. Some home care agencies and managed care plans use technology or other innovations that integrate aides into care teams to support care coordination. For example, some agencies are using tablets or smartphones to allow aides to better communicate with nurses when they notice a change in the client’s condition, but this is far from common practice. In general, aides have had few opportunities to participate in workplace organization decisions.



*A home care worker advocating for the “Fight for 15.”*

The biggest progress has occurred in recent public policy discussions, where home care aides have played an important advocacy role in the “Fight for \$15” movement<sup>21</sup> and the advocacy surrounding new benefits under FLSA. Overall, while participation in decision making has improved in the public arena, more work remains.

## Career Advancement

Home care aides have historically suffered from limited career advancement opportunities. For many, the jump from a 75-hour home health aide certification to a 2-year licensed practical nurse

<sup>18</sup> Rodat (2010), “Preparing New York’s Home Care Aides for the 21<sup>st</sup> Century.” PHI.

<sup>19</sup> PHI, “Adult Learner-Centered Training.”

<sup>20</sup> Cook & Rodat, “New York’s Home Care Quality Incentive Pool.”

<sup>21</sup> Leberstein (September 4, 2014), “Home care workers join the ‘Fight for \$15.’” *MSNBC*. Accessed on October 19, 2016 at: <http://www.msnbc.com/msnbc/home-care-workers-join-the-fight-15>

associate's degree is unattainable in terms of cost, time, and college preparation. In many ways, the structure of managed care provides greater opportunity for promoting advanced roles since it relies on increased care coordination and information sharing. Some agencies have assisted with career advancement through the creation of new roles such as “peer mentor”<sup>22</sup> or “senior aide” positions that reflect additional training and duties, but these roles are generally not transferable between organizations and not widely available.

The biggest development in this area came through a new state law passed in 2016 that created an Advanced Home Health Aide (AHHA) occupational title.<sup>23</sup> Home health aides who have worked for at least a year will soon have the opportunity to become AHHAs upon additional training and certification. AHHAs will be allowed to perform certain advanced tasks, such as the administration of routine pre-measured or pre-packaged medications, including the injection of insulin. This change in scope of practice represents a major step toward creating a career path for home care aides in New York State, while improving the care provided to clients.

## Linkages, Supervisors, and Owners and Managers

The final three elements of a quality job for caregivers — linkages to public supports, supportive supervision, and owners and managers who create participative workplaces — are difficult to track without more data. For those aides who are unionized, the union often provides linkages to needed supports but unionization does not guarantee more inclusive workplaces or quality supervision.

PHI has worked with several New York agencies to improve supervisory practices. In the Home Care Workforce Initiative (HAWI), investments in quality training, peer mentoring, and PHI Coaching Supervision® — a supervisory practice that emphasizes improving problem-solving skills — resulted in significant improvements in 90-day and 180-day retention rates.<sup>24</sup> Unfortunately, these best practices are not yet widely utilized.

Nevertheless, some progress in this area has come from New York City officials. In 2015, a new law created the Office of Labor Standards, whose responsibilities include helping workers understand their rights under labor laws.

Another bill, passed in 2016, created the Division of Paid Care within the Office of Labor Standards. The new division focuses on the needs of home care aides and day care workers — two of the largest groups of low-income workers in New York City. The division will inform workers of their rights under new labor laws, connect aides to needed public supports, and conduct studies on workforce needs and trends. These entities will be a profound asset to New York City home care aides and other low-income workers.

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<sup>22</sup> PHI (2003), “Introducing Peer Mentoring in Long-Term Care Settings.” *Workforce Strategies, Issue 2*. PHI.

<sup>23</sup> PHI (June 21, 2016), “New York Legislature Passes Advanced Home Health Aide Legislation.” Accessed on August 2, 2016 at: <http://phinational.org/blogs/new-york-legislature-passes-advanced-home-health-aide-legislation>

<sup>24</sup> VNSNY Center for Home Care Policy & Research (February 2015), “Homecare Aide Workforce Initiative (HAWI).” Unpublished assessment.

## DISCUSSION

The state's move toward managed care, combined with increased labor costs, has changed the home care landscape across the state of New York, with home care agencies often experiencing extreme financial pressures. As discussed throughout this paper, these changes have affected the quality of home care jobs, particularly access to full-time hours through a single employer and access to quality training.

Notably, improvements in job quality, such as increased wages and opportunities for career advancement, have been the result of government actions. Our analysis shows that most improvements in job quality for home care aides — and consequently quality of care for home care clients — have come through new laws, regulations, or payment incentives.

Our assessment of changes in job quality also reinforces the need to collect workforce data and make it publicly available.

An effective workforce information system would collect training program data such as cost, the percentage of trainees that complete training, the percentage of graduates who find employment post training, and whether training is beyond the minimum number of hours. It would also collect employer data such as worker complaints filed; availability of entry-level, in-service, and advanced training; retention and turnover rates; and the percentage of aides who work part time and full time.

A workforce information system would be useful to all parties — home care aides, policymakers, and managed care plans. Aides could use the data to find quality training programs and good employers. Policymakers could use it to identify trends and avenues for government intervention, such as increasing wages and benefits, establishing innovative payment models, and enhancing training requirements. Finally, managed care plans could use the data to determine which employers they would prefer to contract with, easing the move to value-based payment. Importantly, this type of workforce data should be used in conjunction with quality outcomes data to determine quality providers.

## CONCLUSION

New York State has taken great steps toward improving the wages and benefits for home care workers. The state, managed care plans, and home care agencies must implement methods for tracking job-quality improvements and their impact on recruitment and retention, if they hope to address the increasing demand for home care. Investing in this workforce will positively affect access to — and quality of — home care services while improving financial security for thousands of low-income workers and their families.

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PHI works to transform eldercare and disability services. We foster dignity, respect, and independence for all who receive care, and all who provide it. As the nation's leading authority on the direct care workforce, PHI promotes quality direct care jobs as the foundation for quality care. Drawing on 25 years of experience working side-by-side with direct care workers and their clients in cities, suburbs, and small towns across America, PHI offers all the tools necessary to create quality jobs and provide quality care. PHI's trainers, researchers, and policy experts work together to:

- Learn what works — and what doesn't — in meeting the needs of direct care workers and their clients, in a variety of long-term care settings;
- Implement best practices through hands-on coaching, training, and consulting, to help long-term care providers deliver high-quality care; and
- Support policymakers and advocates in crafting evidence-based policies to advance quality care.

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