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QUALITY CARE
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QUALITY JOBS

THE EXECUTIVE ORDER SERIES

FACT SHEET 1

Direct Care Workers and Compensation

On April 18, 2023, President Biden signed the *Executive Order on Increasing Access to High-Quality Care and Supporting Caregivers*, which included more than 50 executive directives aimed at almost every cabinet-level agency. **But what are the distinct opportunities within this executive order to strengthen the direct care workforce, and what else can federal agencies do to improve jobs for these workers?**

In response to this historic action, PHI has produced a five-part fact sheet series examining five areas of the executive order relevant to the direct care workforce. Specifically, this first fact sheet offers ideas for federal regulatory policies and inter-agency collaboration that would enhance compensation for direct care workers.

EXECUTIVE ORDER GOAL Section 2(a)

“To increase compensation and benefits for early childhood educators and long-term care professionals who are providing federally funded services.”

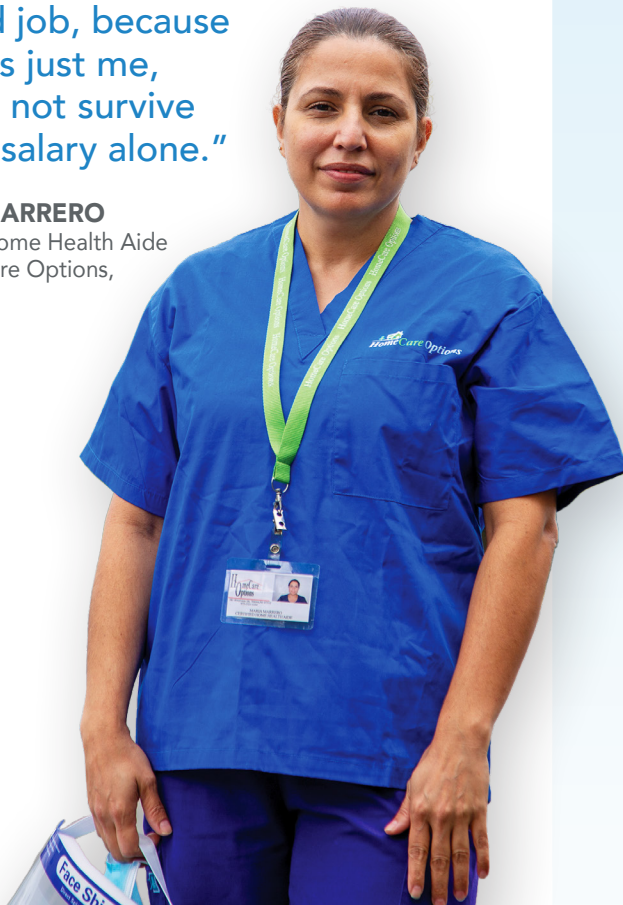


WHY COMPENSATION MATTERS

Despite their essential value and skilled work, direct care workers earn poverty-level wages in jobs with limited benefits that harm their financial security and push them out of direct care and into other low-wage sectors.¹ As a result, long-term care employers increasingly struggle to recruit and retain workers, and older adults and people with disabilities cannot receive the high-quality care they deserve. As our country rapidly ages and millions of individuals continue to need long-term care, these problems will only intensify.

“You need to work really hard as a home care aide, and the pay is very, very low... I’m lucky my husband has a good job, because if it was just me, I could not survive on my salary alone.”

MARIA MARRERO
Certified Home Health Aide
at HomeCare Options,
Totowa, NJ



QUICK FACTS: The Direct Care Workforce²

DEFINITION

Direct care workers include personal care aides, home health aides, and nursing assistants, as formally classified by the Bureau of Labor Statistics—though they often have different titles at the state or employer level.

ROLES AND RESPONSIBILITIES

Direct care workers assist older adults and people with disabilities with daily tasks, such as dressing, bathing, eating, and more—and depending on their occupational role, may also provide some clinical care or other types of support.

EMPLOYMENT SETTINGS

Direct care workers are primarily employed in private homes, community-based residential care settings, skilled nursing homes, and hospitals.

WORKFORCE SIZE

The direct care workforce comprises about 4.7 million workers—more than any other single occupation in the country.

JOB PROJECTIONS

Between 2020 and 2030, the direct care workforce is projected to add more than 1.2 million new jobs. During the same timeframe, nearly 7.9 million total direct care jobs will need to be filled, including new jobs and job vacancies that are created as existing workers leave the field or exit the labor force.



DIRECTIVES FOR DIRECT CARE WORKERS

NOTE: Section 2(a) of the Executive Order includes a range of specific directives; here we discuss those that are most impactful for the direct care workforce.

Employment Supports

Section 2(a)(v) of the Executive Order directs the Department of the Treasury and the Department of Commerce to consider conducting outreach to small businesses regarding federally supported retirement plans that could benefit direct care workers.³ Given the percentage of direct care workers employed by small businesses (on the right)—and the fact that most direct care jobs do not offer retirement benefits, this directive is critical. However, as the number of large businesses grow in long-term care, many direct care workers are not employed in small businesses, as defined by the U.S. Small Business Administration.⁴ Also, the Executive Order only asks these agencies to consider

outreach to small businesses, in turn relying on these businesses to follow suit. Even with the best efforts, this directive will likely miss a notable number of direct care workers.

Did You Know?

Over three quarters of home care establishments employ fewer than 50 total employees (including direct care workers, licensed professionals, and other staff), whereas only one quarter of nursing homes have fewer than 50 employees. Of note, 87% of residential care providers also employ fewer than 50 employees.⁵

Connecting Workers and Medicaid Consumers

Section 2(a)(i) of the Executive Order directs the Secretary of Health and Human Services (HHS), through the Administrator for the Centers for Medicare and Medicaid Services (CMS) to “better connect home- and community-based workers who provide services to Medicaid beneficiaries.”⁶ Better connections among and between home care workers and potential clients are critically needed.

Home care workers often work across various settings and are isolated from each other (and other interdisciplinary care team members). Additionally, home care workers and their clients—older adults and people with disabilities—need better platforms to connect. One related possibility is for the U.S. Department of Labor (DOL) to commission a feasibility study that assesses the strengths, risks, logistics, and total costs of launching and promoting matching service registries in every state. A matching service registry is an online job board where consumers and workers find each other based on needs, preferences, and availability—and can serve as a valuable platform for centralizing training and certification records of direct care workers (with privacy safeguards in place).

Did You Know?

PHI has identified only 14 matching service registries in 10 states (as of 2019), and many of them are under-resourced and not maximizing their potential.⁷



WHAT ELSE CAN BE DONE

National Compensation Strategy

CMS, the Administration for Community Living (ACL), the Health Resources and Services Administration (HRSA), DOL, and other agencies should work together to develop a national compensation strategy focused on the direct care workforce. Among its responsibilities, this inter-agency group should develop specific recommendations on how states should set their Medicaid rates to ensure competitive wages and benefits for direct care workers, considering both traditional Medicaid and managed care contexts. The recommendations should take into account full-time and stable scheduling barriers, benefit cliffs and plateaus, and other factors and possibilities. The recommendations should then be translated into regulations for rate-setting and enforcement processes at the state level.

Benefit Cliffs and Plateaus

DOL and HHS should develop a strategy with analysis, rules, regulations, and guidance to help states address benefit cliffs and benefit plateaus among low-wage workers, including direct care workers. DOL and HHS should also explore mandatory adjustments to benefit criteria at the state level.

Financial Support Programs

DOL should fund financial literacy and counseling programs that help direct care workers (among other low-wage workers) understand complex job-related benefits and supports (including health insurance options), navigate financial challenges, and plan for their short- and long-term financial futures.

Did You Know?

The median wage for direct care workers in 2021 was \$14.27, and it only rose by 12 percent over the last 10 years (adjusted for inflation). Because of low wages and part-time schedules, 40 percent of direct care workers live in or near poverty and 43 percent access public assistance to survive, including food and nutrition support, Medicaid, and cash assistance.⁸

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WHAT ELSE CAN BE DONE

Public Investment Standards and Value-Based Payment

CMS should incentivize states to build minimum standards for direct care jobs into their contracts with providers and managed care plans. CMS should also provide guidance and technical assistance to states on how to invest in the direct workforce through value-based payment arrangements. Effectively leveraging the role of direct care workers in value-based payment arrangements helps improve health care quality while reducing unnecessary costs.

State and Regional Public Authorities

DOL should fund the creation of state or regional public authorities that improve job quality (including by setting wage floors) for independent providers, while promoting the principles of consumer direction. (Independent providers are direct care workers employed directly by consumers through publicly funded consumer-directed programs.) While this figure is difficult to calculate, PHI estimates that at least one million independent providers are employed through Medicaid-funded consumer-directed programs.

Notes

1. PHI. 2020. *Competitive Disadvantage: Direct Care Wages Are Lagging Behind*. Bronx, NY: PHI. <https://www.phinational.org/resource/competitive-disadvantage-direct-care-wages-are-lagging-behind/>.
2. PHI. "Workforce Data Center." Accessed May 19, 2023. <https://www.phinational.org/policy-research/workforce-data-center/>.
3. "...the Department of the Treasury shall conduct outreach on the Saver's Match credit, and the Department of Commerce shall conduct — and the Small Business Administration is encouraged to consider conducting — outreach on potential Federal resources available to assist small businesses in offering retirement plans, including a per-employee credit of up to \$1,000, as provided in the SECURE 2.0 Act of 2022 (Division T of Public Law 117-328), in order to ensure that the care workforce, including individuals and small businesses, are aware of Federal retirement assistance for which they may be eligible." See The White House. "Executive Order on Increasing Access to High-Quality Care and Supporting Caregivers." Accessed May 19, 2023. <https://www.whitehouse.gov/briefing-room/presidential-actions/2023/04/18/executive-order-on-increasing-access-to-high-quality-care-and-supporting-caregivers/>.
4. U.S. Small Business Administration. "Table of Size Standards." Accessed May 19, 2023. <https://www.sba.gov/document/support-table-size-standards>
5. McCall, Stephen. 2020. *We Can Do Better: How Our Broken Long-Term Care System Undermines Care*. Bronx, NY: PHI. <https://www.phinational.org/resource/we-can-do-better-how-our-broken-long-term-care-system-undermines-care/>.
6. "The Secretary of Health and Human Services, through the Administrator for the Centers for Medicare and Medicaid Services (CMS), shall issue guidance to States on ways to use enhanced funding to better connect home- and community-based workers who provide services to Medicaid beneficiaries." See The White House. "Executive Order on Increasing Access to High-Quality Care and Supporting Caregivers." Accessed May 19, 2023. <https://www.whitehouse.gov/briefing-room/presidential-actions/2023/04/18/executive-order-on-increasing-access-to-high-quality-care-and-supporting-caregivers/>.
7. PHI. "Matching Service Registries." Accessed May 19, 2023. <https://www.phinational.org/advocacy/matching-service-registries/>
8. PHI. "Workforce Data Center."



PHI is a national organization committed to strengthening the direct care workforce by producing robust research and analysis, leading federal and state advocacy initiatives, and designing groundbreaking workforce interventions and models. For more than 30 years, we have brought a 360-degree perspective on the long-term care sector to our evidence-informed strategies.

As the nation's leading authority on the direct care workforce, PHI promotes quality direct care jobs as the foundation for quality care.



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