BetterJobsBetterCare

A Better Jobs Better Care Research Study, funded by the Robert Wood Johnson Foundation and The Atlantic Philanthropies

Executive Summary

WAGES, BENEFITS AND FLEXIBILITY MATTER: BUILDING A HIGH QUALITY HOME CARE WORKFORCE

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Overview

If you are elderly, blind or disabled in California, are unable to care for yourself at home without assistance and your income falls below $2,000 a month, you are entitled to home care assistance – that is if you can find it.

Turnover in direct care jobs is extremely high in the United States, mostly due to the difficulty of the work and persistently low-pay. Nationally, half of homecare workers quit their jobs every year. That means that the average recipient – or their family member – has to find and train a new worker every six months. This often forces consumers to go without a caregiver for a period of time, leading them to costly hospital emergency rooms or nursing homes. Unfortunately, few people, whether family or professional, can provide consistent and competent care to people who need assistance unless they are paid a decent wage and benefits. This study demonstrates that paying decent wages and benefits to direct care workers greatly increases the likelihood that workers will enter and stay in the job.

Study Design

The researchers administered a survey to 2,200 In-Home Supportive Services workers, randomly drawn from eight counties in California during the summers of 2004 and 2005. The counties were selected to represent high- and low-wage earners in rural and urban areas. California's In-home Supportive Services (IHSS) program allows family members, friends and others to become paid caregivers to those in need.

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Institute for the Future of Aging Services
An applied research institute of aahsa

In the study, the researchers combined analysis of the survey results with analysis of the California administrative database for IHSS. Using the database, the researchers were able to measure turnover and its correlation with wages and benefits. In the survey, providers were asked directly why they had entered and remained in the IHSS workforce, in order to test whether the link found in analysis of the administrative data between wages and benefits was supported by providers' responses to the survey.

Major Findings: Do Wages, Benefits And Flexibility Make A Difference?

Many people enter the job because they want to care for a family member or friend who needs them.

- Overall, the most important reason people provide home care – with 60 percent reporting this among the top three reasons why they took the job and stay in the job – is commitment to their consumer.

When wages are competitive and benefits are provided, consumers are more likely to find someone who wants to work in this kind of job and can afford to stay in this kind of job.

- In 1997, when home care workers were paid close to minimum wage in San Francisco, the turnover rate was 61 percent. When wages rose to $10/hr and *health and dental insurance* became available to providers who work 35 hours a month, the turnover rate dropped dramatically – to 26 percent in 2002.

- As of 2004, 43 percent reported health and 28 percent reported dental insurance were among the most important reasons they took the job. Even higher percentages report health and dental insurance was the reason they stayed in the job.

- Wages have stagnated in San Francisco since 2002 and have remained low in most counties. By 2004, only 11 percent in San Francisco and 9 percent across the state were reporting wages as an important reason for entering and staying in the job but that was compared to 1 percent in the counties still paying minimum wage.

- However, when asked why they would leave the job, 51 percent said they would leave to find a job with better pay. In San Francisco, 59 percent said wages would be the principle reason they would leave the job; close to 65 percent cited wages in the lowest wage county.

Most of these workers are low-income and work multiple jobs so flexibility and wages matter.

- Half of these workers earned less than $1,000/month from all income sources; half reported household incomes of less than $2000/month.
- 37 percent worked at another job, in addition to their IHSS job.
- Overall, 42 percent report that they took the job and stayed with it because they were looking for a flexible job.

For consumers, the prospect of not being able to hire workers could affect their ability to get high quality home-based care.

- Not being able to hire home care workers would force more people into costly nursing homes.
- 19 percent of the home care workers reported that if they were no longer able to care for their consumer (including because wages and benefits fell below an affordable threshold), they expected their consumer would end up in a nursing home.

Implications

California offers its residents a unique system of high quality long-term care. Unlike other states, where home care is largely provided through agencies, California caregivers are usually directly hired by the recipient. Under the California system, an elderly or disabled person can hire a family member, a friend or a neighbor who they feel comfortable with, is sensitive to their needs, knows the neighborhood and knows where to get help fast.

Home and community-based care costs less than care in an institutional setting such as a nursing home. The average cost per home care recipient in California is about $8,000, a fraction of the $50,000 needed to provide care in a nursing home and well below the cost of similar services in most other states. California spends about half the national per capita average on Medicaid long-term care services, in large part because its system of care is based largely in the home and community.

As the demand for care surges with the aging population, it will be important for states to find creative ways to stem the cost of long-term care. Paying direct care workers a decent compensation makes a difference for consumers and payers. Research clearly shows that giving workers $10/hr plus access to decent benefits significantly increases the supply and retention rate of home care workers, making it possible for consumers to find good caregivers and for California to sustain its unique and cost efficient long-term care system.

Why a Good Wage Matters

Few people – whether family or stranger – can provide consistent or competent care unless paid a decent wage.

Alice has been caring for her son, who has Down syndrome, ever since he was born 14 years ago. Alice and her family recently made a difficult decision to leave their rural community in order to be closer to more cutting edge medical care for their son. As a result of the move, her husband gave up his job as a minister and he had to get a lower paying job. The family of six worried that finances would make it necessary for Alice to get a good paying job outside their home, which would force them to put their son in an institution to get the care he needed.

Thanks to a state program designed to keep elderly, blind or disabled Californians in their homes and out of expensive institutions like nursing homes, Alice can earn $9.50 per hour as the primary home care provider for her son with severe Down syndrome. Alice earns a good wage – comparable to other jobs she could get outside the home – for work that enables her to be at home to care for her disabled son, where he is comfortable and receives plenty of love.

Better Jobs Better Care is a four-year $15.5 million research and demonstration program, funded by the Robert Wood Johnson Foundation and The Atlantic Philanthropies. Its goal is to achieve changes in long-term care policy and practice that help reduce high vacancy and turnover rates among direct care staff in long-term care and contribute to improved workforce quality. Technical assistance is provided in partnership with the Paraprofessional Healthcare Institute (PHI).

Better Jobs Better Care is directed and managed by the Institute for the Future of Aging Services (IFAS), American Association of Homes and Services for the Aging (AAHSA). For more information about Better Jobs Better Care, contact Robyn Stone at (202) 508-1206, rstone@aahsa.org or visit www.bjbc.org.