PHI Quality Care THROUGH Quality Jobs

Facts 4

March 2011

Health Care Coverage for Direct-Care Workers: 2009 Data Update

Every day, direct-care workers deliver essential long-term services and supports to hundreds of thousands of elders and people with disabilities. These workers constitute a critical segment of our nation's health care workforce and are at much higher risk of on-the-job injury and chronic disease than the average American worker.[1] Yet 28 percent of these workers were uninsured in 2009. This means that an estimated 900,000 direct-care workers went without health insurance coverage during the year.

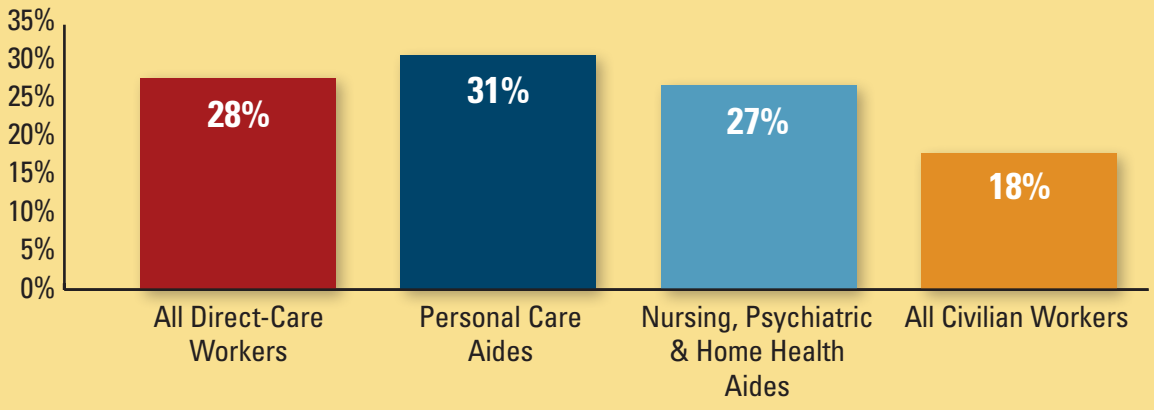
This data update is based on the PHI analysis of the 2010 Annual Social and Economic (ASEC) Supplement of the Current Population Survey (CPS), a nationally representative telephone survey of individuals conducted annually by the Census Bureau.

In this analysis, PHI examined the numbers of direct-care workers who in 2009 reported receiving: a) employer-provided health insurance, b) other private health insurance, c) public insurance, or d) no insurance (uninsured). PHI 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 Direct-Care Workers

By Occupation. Lack of accessible, affordable health care coverage continues to be a serious problem for the direct-care workforce. While many American workers lack health insurance (18 percent), direct-care workers have considerably higher rates of uninsurance (28 percent).

Percent of Direct-Care Workers Without Coverage by Occupation, 2009

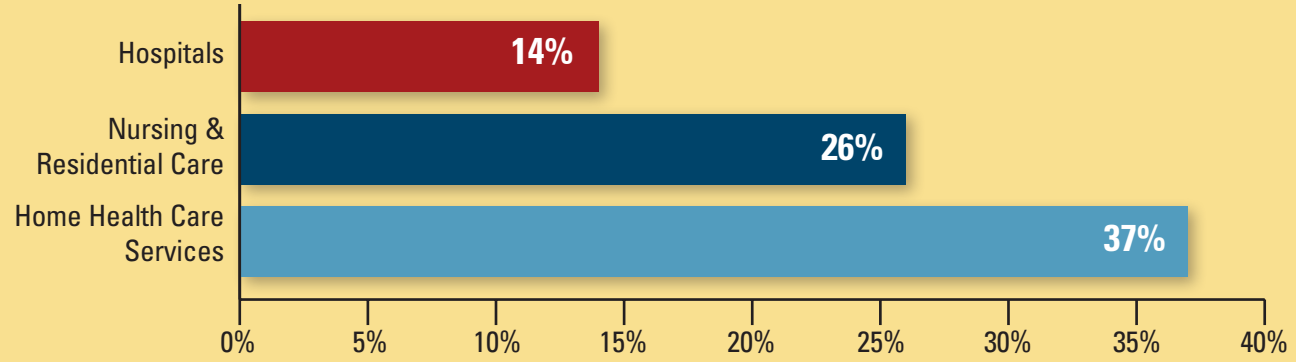


This issue brief is supported by a grant from The SCAN Foundation. The SCAN Foundation is dedicated to creating a society in which seniors receive medical treatment and human services that are integrated in the setting most appropriate to their needs. For more information, please visit **www.TheSCANFoundation.org**. Support is also provided by the Nathan Cummings Foundation (**www.nathancummings.org**), a major funder of the PHI Health Care for Health Care Workers Campaign.

Of Nursing, Psychiatric, and Home Health Aides, 27 percent reported having no health insurance in 2009. Among Personal Care Aides—the fourth fastest-growing occupation in the country—nearly a third (31 percent) were 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 considerably across these settings. For instance, in 2009, 37 percent of direct-care workers employed by agencies in the home health care services industry[2] lacked health care coverage compared to only 14 percent of those working in hospitals. More than one in four direct-care staff employed in nursing and residential care facilities lacked insurance.

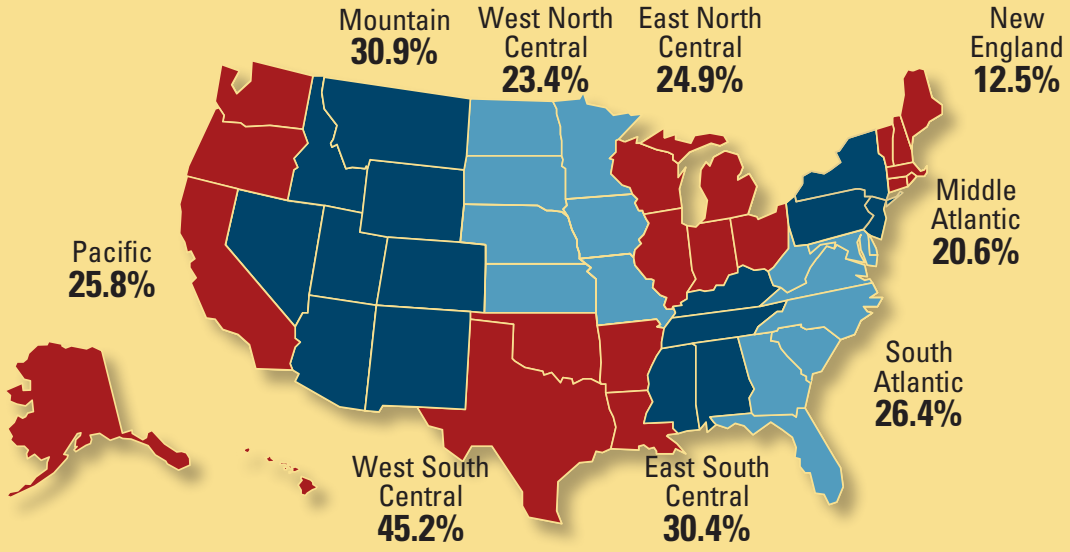
Direct-Care Workers Without Coverage by Setting, 2009



A growing number of direct-care workers are employed directly by individuals with disabilities and their families rather than through an agency. This trend towards "self-direction," whether in public programs or under private pay arrangements, leaves many independent providers of direct-care services without access to employer-based coverage. In 2008, 45 percent of direct-care workers employed directly by households were uninsured.[3] An important exception, however, is independent providers covered by collective-bargaining agreements that provide access to health coverage.

By Geographical Region. Health insurance coverage for direct-care workers also varies widely by region. In New England, 13 percent of direct-care workers lacked coverage in the period 2007 to

Lack of Coverage Varies Across the Country



2009. In sharp contrast, 45 percent of direct-care workers in the West South Central region (Texas, Arkansas, Louisiana, and Oklahoma) were without coverage.

Variation in rates of coverage is largely due to geographical differences in Medicaid eligibility and in the prevalence of collective-bargaining agreements that secure health insurance for workers.

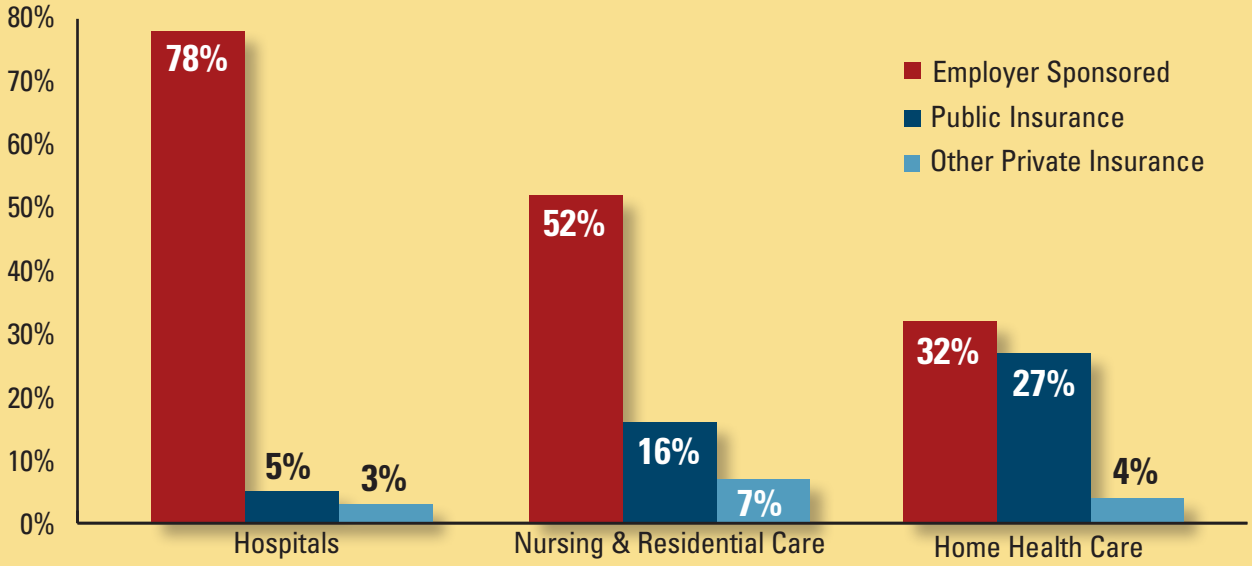
Sources of Coverage for Direct-Care Workers

Like other workers, direct-care workers rely on employer-sponsored policies or other private sources, or alternatively they rely on publicly funded insurance programs such as Medicaid or Medicare. Mirroring larger national trends, the latest data indicate that employer-sponsored insurance for direct-care workers has declined while public coverage has increased.

Employer-Sponsored Insurance. While 78 percent of hospital aides reported employer-sponsored insurance at some point in 2009, only 32 percent of aides working for home health care agencies were covered by their employers. In nursing and residential care facilities, 52 percent of direct-care workers reported employer coverage.

Overall, 47 percent of direct-care workers reported employer-sponsored insurance—a significantly lower rate than for U.S. workers generally (68 percent). Furthermore, the percentage of direct-care workers reporting employer coverage declined by 6 percentage points from 2008 to 2009.[4]

Sources of Health Coverage for Direct-Care Workers by Setting, 2009



Employer-sponsored insurance tends to be less available in home and community-based settings for several reasons. Home care agencies do not always offer coverage, or only offer it to full-time workers. Less than half of home care workers work full time, full year. Additionally, when home care agencies offer employer coverage, many direct-care staff cannot afford the premiums and co-payments. In 2009, the national median hourly wage for aides employed in the home health care services industry was $9.34, and annual median earnings were $12,000. Finally, with few exceptions, rate-setting for publicly provided in-home services and supports (other than Medicare) does not allow for building wages or health insurance costs for direct-care staff directly into the reimbursement rate.[5]

Public Insurance. Medicaid and other public insurance programs constitute an important source of health care coverage for direct-care workers. In 2009, nearly one in five (18 percent) direct-care workers received health coverage under public insurance programs.

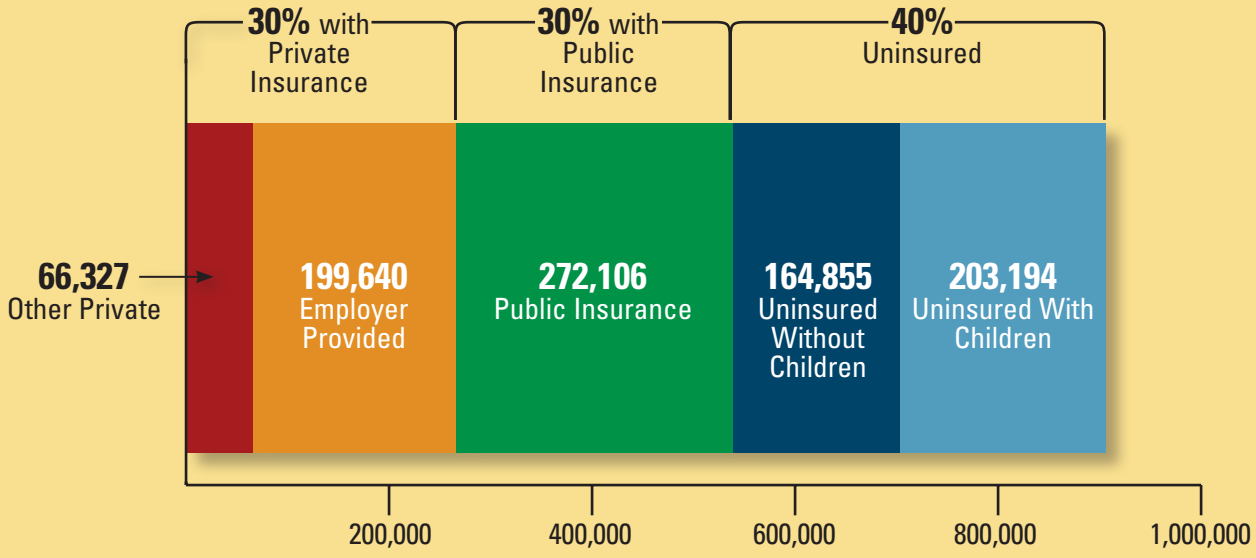
Public coverage is particularly important for low-wage direct-care workers employed in settings like home health care where employer-sponsored coverage is limited. During 2009, 27 percent of aides working in the home health care services industry reported relying on public health coverage.

Implications of the Affordable Care Act

When the Affordable Care Act—the country's new federal health care law—takes full effect in 2014, for the first time the Medicaid program will be open to all adults who earn less than 133 percent of the federal poverty level (FPL).[6] This expansion could significantly reduce the number of uninsured direct-care workers. Currently, the federal government sets minimum eligibility standards and states have the flexibility to expand coverage beyond the minimum levels for most groups.[7] Many states require very low income levels to qualify (100 percent of the FPL or less)[8] and only enroll individuals at higher incomes if they are parents of children in the program.

This has left many direct-care workers ineligible for Medicaid. Today, over 900,000 direct-care workers (or 28 percent of the direct-care workforce) live in households under 133 percent of the FPL. During 2009, 30 percent of these very low-wage earners relied on public insurance, and another 30 percent had private coverage. But a staggering 40 percent of these workers (368,049 individuals) were uninsured. Surprisingly, 55 percent of the uninsured had children under age 18. The remainder were adults without children.

Coverage for Direct-Care Workers Under 133 Percent of Federal Poverty Line, 2009



These data indicate that the Affordable Care Act will be instrumental in extending Medicaid as a source of health care coverage for hundreds of thousands of uninsured direct-care workers, with and without children.

The impact of Medicaid expansion hinges on outreach to both newly eligible individuals as well as those who were eligible prior to the new health care law. Currently, only 57 percent of those

eligible for Medicaid are enrolled; however, estimates show that a more targeted and aggressive approach to enrollment outreach could bring participation up to 75 percent under the new law.[9] Targeted outreach will be particularly important for enrolling direct-care workers employed in home care settings, since they lack a conventional workplace where standard outreach materials might reach them.

The Affordable Care Act also establishes federal subsidies to help individuals with incomes between 133 and 400 percent of the FPL to purchase private insurance through an insurance exchange. As 80 percent of all direct-care workers have income levels under 400 percent of the FPL, this assistance will be very important in further reducing the rate of uninsurance for those direct-care workers whose incomes exceed Medicaid eligibility requirements, but who cannot afford or may not qualify for employer-sponsored coverage.

Conclusions

Health coverage for the nation's direct-care workforce remains unacceptably low. More than one in four direct-care workers lacked insurance coverage in 2009 and less than half of the workforce reported employer-sponsored coverage. Of critical importance to policymakers is evidence that the fastest-growing eldercare and disability employment setting has the lowest rates of coverage: in the nation's home health care sector, 37 percent of home care aides lacked insurance coverage in 2009 and only a third relied on employer coverage. Without better coverage for home care workers, our nation will not be able to attract a stable, qualified workforce to support elders and people with disabilities in their local communities.

Inadequate health insurance jeopardizes the health of hundreds of thousands of direct-care workers. Workers are less likely to access preventive and therapeutic care, thereby increasing their risk of poor health. In addition, direct-care workers—in both facility and home-based settings—have among the highest rates of on-the-job injury of any occupational group. This further compounds the health risks facing these frontline workers. In turn, illnesses and injuries sustained by direct-care workers result in lost workdays that can disrupt service delivery to long-term care consumers, thereby diminishing the continuity and quality of care.

The potential of the country's new health care law to bring expanded and more stable coverage to direct-care workers eligible for public coverage is a promising development. So is the prospect of state-based insurance exchanges offering access to affordable insurance for small businesses and to individuals not covered by their employers. At the same time, over the next two years, employers and state Medicaid programs will need to examine the cost of employer-sponsored insurance and the viability of building the cost of health coverage into the reimbursement rates that eldercare and disability service providers receive in order for these employers to comply with the new law.

Data Sources

The data for this report are based on the PHI analysis of the 2010 Annual Social and Economic (ASEC) Supplement of the Current Population Survey (CPS), a nationally representative telephone survey of individuals conducted annually by the Census Bureau. Statistical programming and data analysis were provided by Carlos Figueiredo. Using the CPS, we define the "direct-care workforce" by two occupational categories: "Nursing, Psychiatric and Home Health Aides," and "Personal Care Aides." For more detail on these occupations, see PHI (February 2011) "Who Are Direct-Care Workers?" *Facts 3*.

www.directcareclearinghouse.org/download/PHI%20Facts%203.pdf

Endnotes

1 In 2009, Nurse Aides, Orderlies and Attendants had the fourth highest injury rate (involving days away from work) of all occupations, ranking above Correctional Officers and Jailers. The injury rate for Personal Care Aides was lower but still more than double the rate for all occupations, placing it in the top 30 occupations with the highest injury rates. See: Bureau of Labor Statistics, Injuries, Illnesses and Fatalities Division, **http://www.bls.gov/iif/**.

2 The home health care services industry is one of two industries included in the North American Industrial Classification System that capture the provision of agency-provided in-home services and supports. The other industry—Services for the Elderly and Persons with Disabilities—is subsumed in a larger industry grouping, and therefore, we are unable to directly report on that industry in this fact sheet.

3 In 2009, unlike earlier years, the unweighted count of direct-care workers employed by households was too small to permit reliable statistical analysis. Therefore, this fact sheet reports the uninsurance estimate from the prior year.

4 Significant at the 90% confidence level.

5 D. Seavey and V. Salter (October 2006) *Paying for Quality Care*. AARP Public Policy Institute Report #2006–18. **http://directcareclearinghouse.org/l_art_det.jsp?res_id=217110**. Retrieved March 3, 2011.

6 $14,484 for a single individual, according to the 2011 federal poverty level; $24,645 for a family of three (*Federal Register*, Vol. 76, No. 13, January 20, 2011, pp. 3637-3638).

7 For more details on federal categorical eligibility requirements, see Kaiser Family Foundation (April 2010) *Medicaid and Children's Health Insurance Program Provisions in the New Health Reform Law*. **http://kff.org/healthreform/upload/7952-03.pdf**. Retrieved March 11, 2011.

8 $10,890 for a single individual, according to the 2011 federal poverty level; $18,530 for a family of three (*Federal Register*, Vol. 76, No. 13, January 20, 2011, pp. 3637-3638).

9 J. Holahan and I. Headen (May 2010) *Medicaid Coverage and Spending in Health Reform: National and State-by-State Results for Adults at or Below 133% FPL*. Kaiser Commission on Medicaid and the Uninsured.

Facts is a series of short issue briefs and fact sheets on the national and regional status of the direct-care workforce. For more information about PHI and to access other PHI publications see **www.PHInational.org**

For more information

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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, employers, and policymakers improve long-term care 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.

Health Care for Health Care Workers (**www.coverageiscritical.org**), an initiative of PHI, seeks to expand health coverage for workers who provide support and assistance to elders and people living with chronic conditions and/or disabilities. These consumers need a skilled, reliable, and stable direct-care workforce to provide quality long-term care services. We believe that one way to ensure a quality direct-care workforce is to provide quality direct-care jobs—jobs that offer health coverage and pay a living wage.

HEALTH CARE *for* Health Care Workers
An Initiative of PHI

Quality Care through Quality Jobs
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