



Let's Do the Numbers: Quantitative Analysis of the Direct Care Workforce

*Anne Montgomery, Sarah Slocum, Ani Turner,
George Miller*

ALTARUM

December 2021

Center for Eldercare Improvement (CEI)

- ▲ Together with other Centers at Altarum, we provide consulting & analytic services for designing efficient integrated care arrangements for a fast-growing aging population. We have deep expertise in economic analysis of the health care system.
- ▲ At CEI, **Dr. George Miller** develops and applies analytic methods to address problems in health and health care
- ▲ **Ani Turner** is Senior Economist at CEI
- ▲ **Sarah Slocum** is Deputy Director of CEI
- ▲ **Anne Montgomery** is Director of CEI





Agenda: Spotlighting the Direct Care Workforce

- ▲ The Challenge and the Context: scant supply vs. growing demand
- ▲ Quantitative Analysis to Date: What it includes and what it misses
- ▲ The Case for Comprehensive Analysis and Economic Modeling
- ▲ Ways Forward
- ▲ Calls to Action

A WHOLE NEW BALL GAME?

HOUSE *BUILD BACK BETTER* MEASURE HAS \$150 BIL. OVER 10 YEARS FOR HCBS EXPANSION, LTC WORKFORCE



▲ SEC. 30712. HCBS IMPROVEMENT PROGRAM. (a) INCREASED FMAP FOR HCBS PROGRAM IMPROVEMENT STATES.

- ▲ “In the case of a State that is an HCBS program improvement State... the Federal medical assistance percentage for such State and quarter...shall be increased by 6 percentage points;
- ▲ [and] for administrative costs for expanding and enhancing home and community-based services, including for enhancing Medicaid data and technology infrastructure, modifying rate setting processes, adopting or improving training programs for direct care workers and family caregivers, home and community-based services ombudsman office activities...developing processes to identify direct care workers and assign such workers unique identifiers (as so reimbursable), and adopting, carrying out, or enhancing programs that register direct care workers or connect beneficiaries to direct care workers, the per 5 centum specified in sections 1903(a)(7) and 1903(a)(3) shall be increased to **80 percent.**”

PLUS -- \$1 BILLION IN NEW LTC WORKFORCE GRANTMAKING AUTHORITY FOR ACL

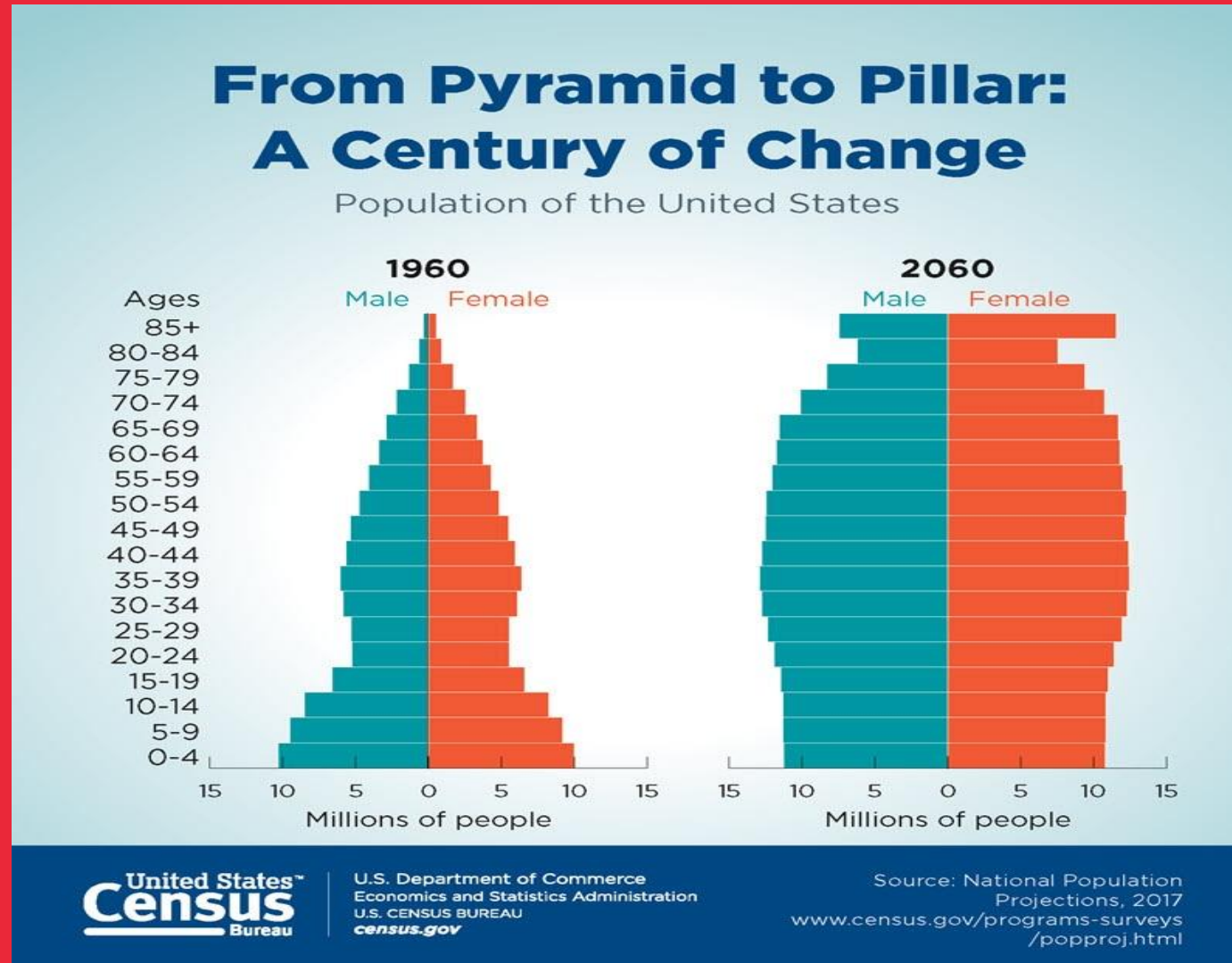


- ▲ **SEC. 22302. GRANTS TO SUPPORT THE DIRECT CARE WORKFORCE...DURATION OF GRANTS.**—A grant awarded under this section shall be for a period of 3 years, and may be renewed.
- ▲ **1) REQUIRED USE OF FUNDS.--....Each eligible entity receiving a grant under subsection (a) shall use the grant funds to provide competitive wages, benefits, and other supportive services, including transportation, child care, dependent care, workplace accommodations, and workplace health and safety protections, to the direct support workers served by the grant.**
- ▲ **(2) ADDITIONAL ACTIVITIES.—....shall [include]**
 - (A) Developing and implementing a strategy for the **recruitment of direct support workers.**
 - (B) Developing and implementing a strategy for the **retention of direct support workers** using evidence-based best practices, such as providing mentoring to such workers, including a strategy that can also support family caregivers.”
- ▲ **Reporting requirements include hourly wages and increases over time, benefits, working conditions, credentialing procedures, retention strategies, career pathways, and credentialing procedures and opportunities.**

But We're Not There Yet.



Right Now, We Are Looking At Fewer Potential Supporting Workers & Family Caregivers



The LTC Workforce Gap is Growing.



- ▲ Employment projections for direct care show that the U.S. needs to create an *additional* 1.3 million new LTC jobs by 2029 – more than any other occupation. We’re not on track to meet that. Turnover and job vacancy rates are extremely high.
- ▲ Moreover, we also need to fill 6.2 million job openings in this decade to replace those who leave the field or the labor force.

Direct Care Workforce Demographics



- ▲ 80% or more female
- ▲ Disproportionately women of color, higher percentage of recent immigrants
- ▲ Low wages, low income produces reliance on public programs, e.g. SNAP, Medicaid
- ▲ Many are housing insecure
- ▲ Many also are family caregivers
 - Children
 - Older and/or disabled relatives

Wages – Competition from Other Sectors (figures are from 2021)



- ▲ Target: \$15
- ▲ Amazon: \$18
- ▲ Walmart: \$15
- ▲ McDonald's: \$15
- ▲ Hiring bonus of \$1,000+
- ▲ Home care worker: \$12

Benefits Are Scant, or May Not Be Offered, to Aides Working in the Home Care Sector



Health coverage

Dental coverage

Paid sick leave –
particularly
problematic
during pandemic

Childcare

Retirement
savings

Some LTC Workers Encounter a Benefits “Cliff”



Many rely on SNAP and/or Medicaid

Small wage increase can cause loss of public benefits

Inadequate wage can cause potential workers to stay out of workforce – not worth working if can't afford childcare or lose benefits

Job Quality is Often Poor..



▲ Home care

- Hard to get full time and lack of flexible hours
- Pay for travel between clients not consistent
- Transportation issues – hard to afford own vehicle, public transport not always available
- Training highly variable
- Not included in care planning
- Lack of respect
- No credential in many places – no career advancement

▲ Residential – Nursing Home & Assisted Living

- Short staffing - assigned to too many residents
- High risk of injury (no extra person available for 2-person lift, e.g.)
- Lack of full time or full time with benefits
- Lack of status in care team
- Constantly “training” agency staff
- Training and Certified Nursing Assistant (CNA) for nursing home only
- No credential for most assisted living caregivers, no career advancement

And that needs to change.
Here's what workers want, says Henrietta Ivey:



RPP!! Respect us! Protect us! Pay us!

--Henrietta Ivey, Founder of Black Women in Home Care

- ▲ “Today, we’re talking as a society about race and about how disparities due to race and ethnicity and other intersecting identities play out in health and well-being, longevity, employment and opportunity. Direct care workers and those that they serve stand at the intersection of all of this.” *--Kezia Scales, PHI*

Quantitative Analyses to Date: Questions of Interest



1. What is the size of the direct care workforce in home and residential care settings and what are their demographic and economic characteristics?
2. How do the size and stability of the direct care workforce impact quality of care (mortality, morbidity, ADLs, satisfaction)?
3. How might changes in wages, benefits, training, certification, or working conditions impact the size and stability of the direct care workforce?
4. What are the costs and benefits to various stakeholders – workers, providers, clients, state governments and economies, and society - of strengthening the direct care workforce?

Size and Characteristics of Direct Care Workforce



- ▲ Analyses of U.S. Census Bureau, U.S. Bureau of Labor Statistics, and other population and employer-based survey data allow characterization of the size, demographics, wages, & economic status of direct care workers in all settings, e.g., PHI (2020), [Caring for the Future: The Power and Potential of America's Direct Care Workforce](#)
- ▲ Quarterly Payroll-Based Journal (PBJ) data quantify FTE CNAs employed in nursing homes and direct care minutes per resident day. CMS anticipated to begin releasing turnover rates from PBJ data soon.
- ▲ Comparable provider staffing and client caseload data not required to be reported to CMS for home care

Impacts of Staffing on Quality of Care



- ▲ Solid evidence on need for adequate staffing in nursing homes to reduce likelihood of mortality, improve functionality, and avoid adverse outcomes
- ▲ Some evidence on impact of turnover on quality in nursing homes, e.g.,
 - Reducing turnover from high to medium increased found to increase quality in Castle, Engberg, & Men (2007), [Nursing Home Staff Turnover: Impact on Nursing Home Compare Quality Measures](#)
 - High average turnover rates and correlation between high turnover and low star ratings in Gandhi, Yu, & Grabowski (2021), [High Nursing Staff Turnover in Nursing Homes Offers Important Quality Information](#)
- ▲ Less evidence on impacts of workforce characteristics on quality of home care

Impacts of Improving Wages, Benefits, Training on Size and Stability of Direct Care Workforce



- ▲ Limited quantitative evidence specific to direct care workers, e.g.,
 - Wage pass-throughs found to increase CNA staffing in Feng et al [Do Medicaid Wage Pass-through Payments Increase Nursing Home Staffing?](#)
- ▲ Some observational data or case studies of innovative models
- ▲ In the absence of LTSS-specific studies, impacts could be roughly estimated from the general labor economics literature
- ▲ More evidence is needed to understand and compare impacts of interventions to strengthen the direct care workforce, especially in home care

Costs and Benefits to Providers



- ▲ Provider cost elements could include compensation, replacement costs, training, financial penalties, revenue
- ▲ [LeadingAge Workforce Cost Calculator](#) estimates direct costs of worker replacement at minimum of \$2,500 per direct care worker
- ▲ Indirect costs, including lost revenue, vary, but are estimated at minimum of \$2,000 per worker. May be higher for home care providers with substantial waiting lists of eligible clients.
- ▲ Some economists have found an association between high turnover and financial performance, pointing to the need to ensure alignment of quality and financial incentives

Turnover Direct Cost Calculator	
Enter number of direct care terminations	
Separation costs (exit interviews, administrative work)	
Vacancy costs (temporary hires, advertising, screening, interviewing, selection, physician exams, testing, background verification, etc.)	
Training and Orientation costs	
Increased worker injuries	
<u>Direct cost of turnover =</u>	\$ -
Estimated Indirect Cost Calculator	
Enter amount for lost productivity due to new hire:	
Enter amount due to low morale, decreased quality of care, lost client revenues, lost clients, etc.	
<u>Indirect cost of turnover =</u>	
MINIMUM TOTAL DIRECT AND INDIRECT COSTS =	\$ -

Costs and Benefits to Communities/States/Society



- ▲ LeadingAge LTSS Center @ UMass Boston [Making Care Work Pay](#) models impacts of raising direct care worker pay to a state-specific living wage, estimating:
 - Fewer staffing shortages
 - Lower turnover
 - Higher productivity
 - Increased spending supporting local economies
 - Reductions in public assistance
- ▲ [Recent MI study](#) found \$1/hour raise for direct care workers -> \$52.6 million benefit



What's Missing in Analytical Capabilities?



- ▲ Previous analytical work provides useful insights
- ▲ But existing work is incomplete
 - Tradeoffs between workforce supply and demand?
 - Impacts of improved benefits, working conditions, training opportunities, career paths on size and stability of workforce?
 - Impacts of a more stable workforce on quality of care?
- ▲ Need for a capability for more comprehensive analysis of direct care workforce






Utility of Comprehensive Analysis Capability








- ▲ Characterize the problem of workforce shortage and high turnover completely and precisely
- ▲ Identify interventions (better pay, benefits, training,...) with greatest potential leverage to address the problem
- ▲ Estimate societal benefit from overcoming the problem
- ▲ Identify benefit to stakeholders of overcoming the problem to motivate their participation in solving the problem
- ▲ Support stakeholder investment in addressing the problem

Example: Alternatives to Reduce Childhood Lead Exposure





Lead Service Line Replacement would:

-  Remove 272,000 lead service lines
-  Protect 350,000 children
-  Cut blood lead levels (BLLs) by 33.6%
-  Generate \$2.7 billion in future benefits
-  Return up to \$1.33 per dollar invested

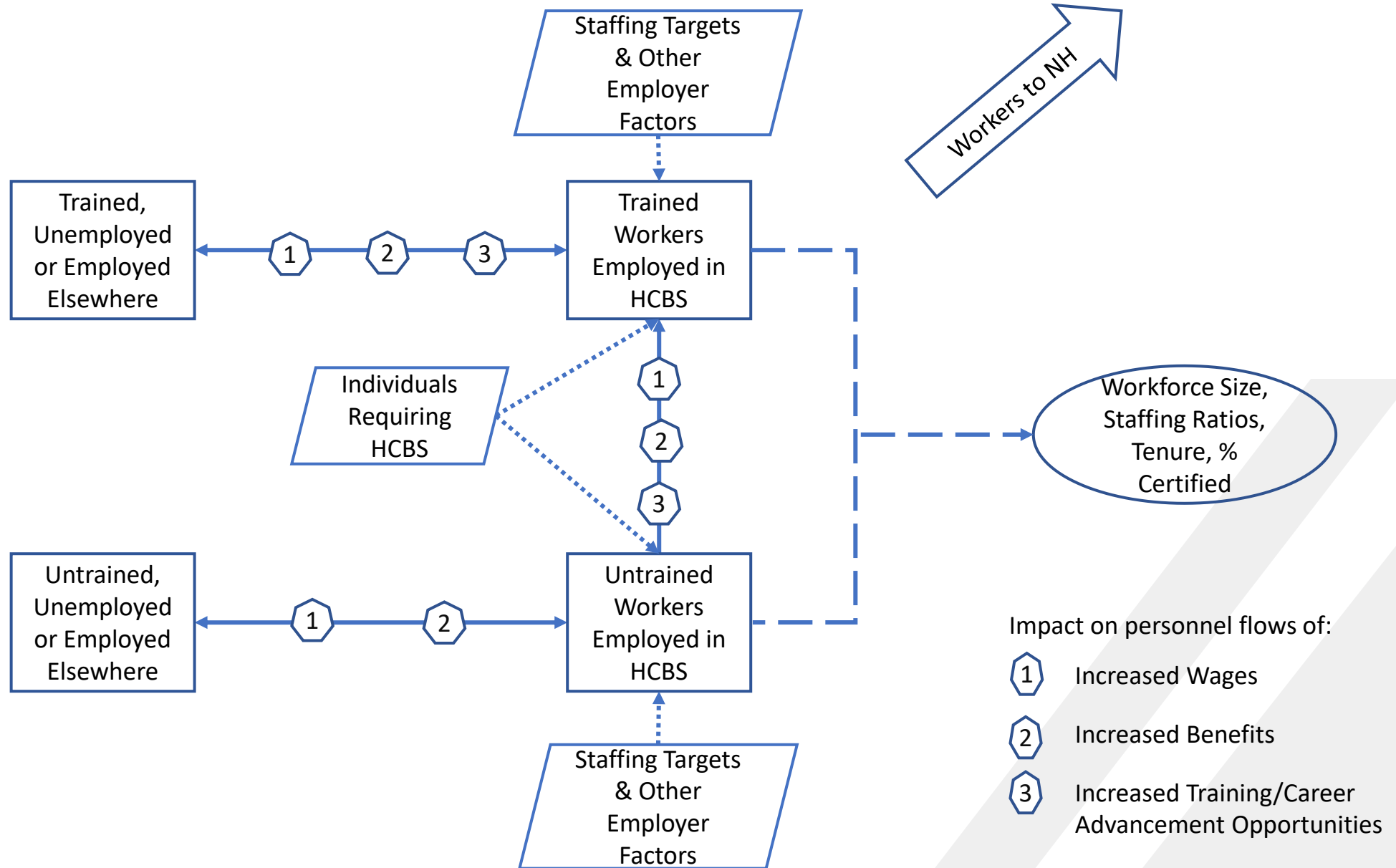
Lead Paint Hazard Control would:

-  Remove 244,000 lead paint hazards
-  Protect 311,000 children
-  Cut blood lead levels by 40.0%
-  Generate \$3.5 billion in future benefits
-  Return up to \$1.39 per dollar invested

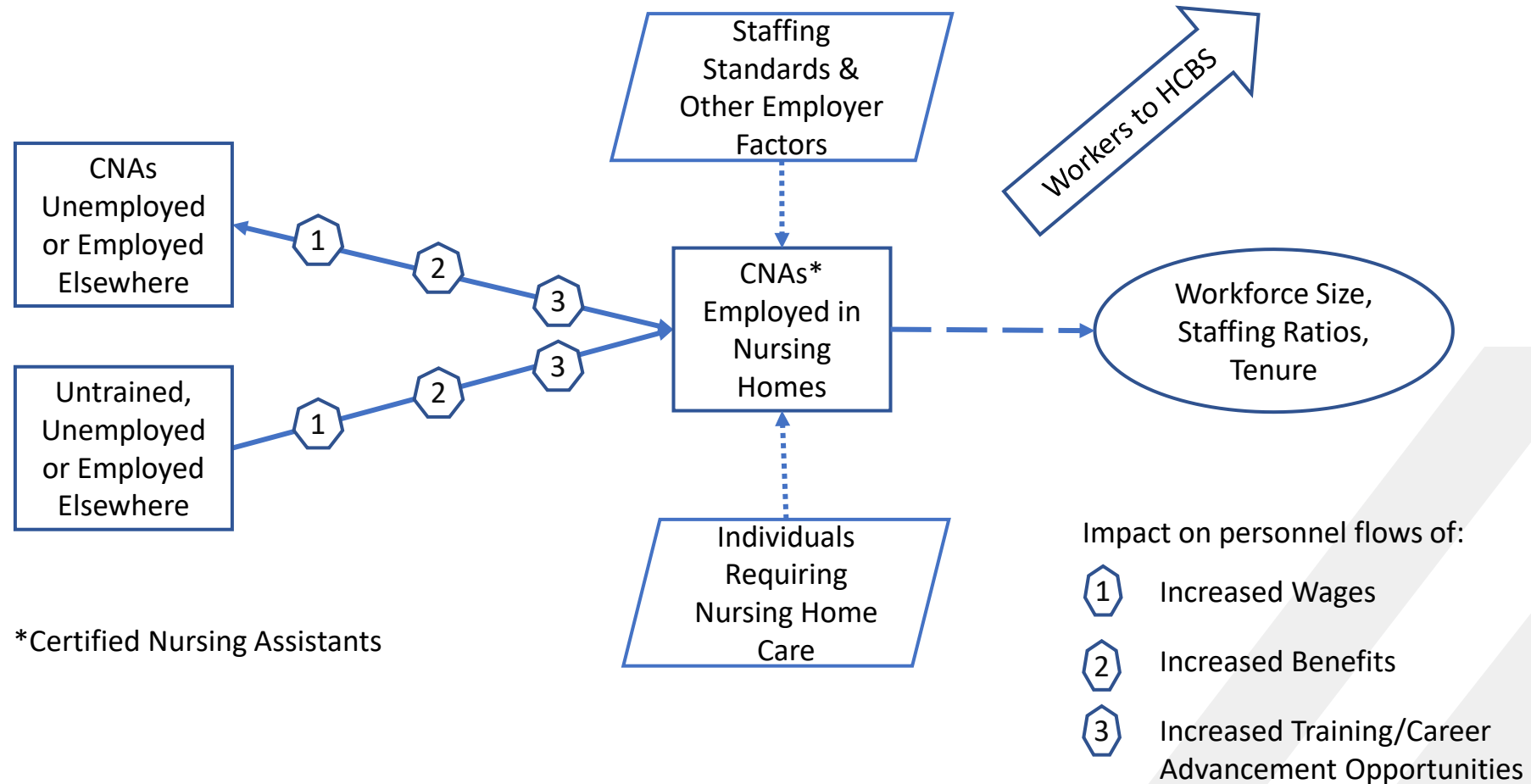
Lead-safe Renovation & Repair Standards would:

-  Protect 211,000 children
-  Prevent BLL increases of 1.08 $\mu\text{g}/\text{dL}$
-  Generate \$4.5 billion in future benefits
-  Return up to \$3.10 per dollar invested

Toward a Comprehensive Modeling Structure -- HCBS



Toward a Comprehensive Modeling Structure – Nursing Homes



Data Needs for a Comprehensive Analysis Capability



▲ Rates of

- Hiring of direct care workers
- Turnover of direct care workers
- Training of direct care workers

▲ All as functions of

- Improved wages, benefits, training/career advancement opportunities
- Staffing targets and other employer factors
- Demand for HCBS

... with similar requirements for representing nursing homes

Ways Forward



Develop a simplified version of the model



Gather needed data



Test for validity



Exercise for insights



Expand capabilities

It's Time.



- ▲ We're not likely to be able to develop a much larger, top-quality system of HCBS if we continue to keep direct care workers at the bottom of the economic totem pole. This past year has shown that many are not willing to work in jobs that keep them permanently at near-poverty wages.
- ▲ To change the undervaluing of the LTC workforce and to address issues of deep-rooted economic inequity requires us to invent a better economic model.

Access to the Right Program Supports Can Improve Equity, too.



- ▲ Older adults and people with disabilities – our parents, and friends and neighbors and spouses and colleagues – are also dependent on improved access to long-term services and supports, given that more than half of all Americans turning 65 in this decade will develop a disability later in life -- and almost half of that population will need paid services.
- ▲ In improving access, we can improve equity -- since there are huge disparities in access to and the quality and outcome of services that vary by race, ethnicity and economic status – and the inequities that surfaced for all to see during the pandemic should not be unseen.
- ▲ Programs that offer intelligent supports can make all the difference in someone's life – like Money Follows the Person. Tyree Brown, a beneficiary of MFP, as well as Medicare and Medicaid, says it best in this clip:

Calls to Action



- ✓ We can establish good training standards for personal care aides. Personal care aides are a significant proportion of the LTC workforce, but there is only a patchwork of largely inadequate training requirements at the state or program level -- or no training standards, which also obscures their value.
- ✓ We also need to invest in more efforts to create and evaluate advanced roles for direct care workers – we need to building rungs into the direct care career ladder to maximize the skills and experience of those who love this work, and there are many who do.
- ✓ “You never change things by fighting the existing reality. To change something, build a new model that makes the model obsolete.” – *Buckminster Fuller*



Contact Us!

Ani Turner: Ani.Turner@altarum.org

George Miller: George.Miller@altarum.org

Sarah Slocum: Sarah.Slocum@altarum.org

Anne Montgomery, Anne.Montgomery@altarum.org