

Michigan's Direct Care Workforce: Policy & Economic Analysis

ADvancing States HCBS Conference

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Agenda

- Welcome and Introductions
- Project Overview--Michigan's Direct Care Workforce: Policy & Economic Analysis
- Direct Care Workforce Living Wage & Cost of Turnover Analysis
- Michigan's Direct Care Workforce Advisory Committee
- Efforts to Professionalize the Direct Care Workforce in Michigan
- Key Considerations & Lessons Learned
- Q&A



Meet Today's Presenters

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Project Overview--Michigan's Direct Care Workforce: Policy & Economic Analysis

Michigan Direct Care Workforce Policy and Economic Analysis: Project Overview

- **Goal:** Identify concrete next steps and recommendations to support the state of Michigan in expanding and strengthening its direct care workforce.
- **Funder:** The Michigan Health Endowment Fund
- **Timeline:** December 1, 2020-November 30, 2021
- **Main activities:**
 - Partnered with the DCW Advisory Committee
 - Conducted Key Stakeholder Interviews and Listening Sessions
 - Developed Targeted State Scan focused on DCW legislation, training models (and funding streams), and American Rescue Plan Act (ARPA) funding plans
 - Economic Analysis (conducted by PSC) which included a living wage and turnover cost analysis

The State of the Direct Care Workforce: A National View

Direct Care Workers: Titles, Roles, Value

Direct Care Workers (DCWs) is a general term that refers to individuals who:

- Provide essential LTSS to older persons and those living with disabilities,
- In all LTSS settings including private homes or residential facilities.
- Includes, but is not limited to, certified nursing assistants, home health aides, hospice aides, personal care assistants, home care workers, direct support professionals, job coaches, and self-directed home care workers.
- Share core assignments that generally include assisting with hands-on personal care, activities of daily living, instrumental activities of daily living, vocational assistance, and other tasks that contribute to an individual's highest level of independence and quality of life.

The High-Level Job Skills Required

- Technical skills
- Compassion
- Extraordinary patience
- Flexibility to roll with each situation.
- Creative problem-solving, “mother’s wit,” common sense
- Being unflappable. “Someone needs to stay calm.”
- Ability to think quickly and make decisions
- Being non-judgmental



The Stark Truth About Direct Care Workers

- There are approximately **4.5 million** DCWs across the country
- Estimates show that the national turnover rate for DCWs is between 40-60%, home care agencies report closer to 82%
- While exact numbers are challenging to calculate, some estimates suggest there will be a shortage of 151,000 direct care workers by 2030 and 355,000 workers by 2040.
- Without a qualified workforce, we cannot have home-and community-based services in our country.

Why Is There a DCW Shortage?

- Population aging
- The labor conditions:
 - Low wages/benefits
 - Lack of guaranteed hours
 - Lack of respect
 - Lack of comprehensive training
- Management & toxic work environment
- No professional or competency standards
- A credential vs. competency-based society
- Lack of awareness and oversight – Invisibility of home care
- An improved economy
- An ageist society



Attributes of Direct Care Work



- People can't make a living doing direct care work alone
- Requires specific aptitudes & skills
- Can be physically and emotionally demanding
- Can be dangerous
- Training is essential
- Diverse – every client and home is different
- Important, meaningful, and rewarding work
- Requires developing a relationship with the client and family while also maintaining professional boundaries
- Critical to client outcomes, quality of life, and even survival

Direct Care Workforce Living Wage & Cost of Turnover Analysis

PSC: Living Wage Analysis

- In 2020, direct care workers (DCWs) in Michigan struggled to maintain a living wage, particularly those with children
- Living wage methodology: Massachusetts Institute of Technology
- DCW occupations: nursing assistants, personal care aides, home health aides, direct support professionals, and paid individual caregivers under Home Help program
- There are key differences among DCW occupations:
 - Nursing assistants without children are more likely to have a living wage than other occupations, who struggle to maintain a living wage without children
- For all occupations, very few maintain a living wage with children

2020 DCW Hourly Wages and Annual Earnings

	All Occupations in Michigan	Certified Nursing Assistants	Personal Care and Home Health Aides	Direct Support Professionals*	Home Help Individual Caregivers*
Median Hourly Wage	\$19.67	\$15.18	\$11.85	N/A	\$9.90 (March 2020) \$12.25 (current)
Median Annual Earnings	\$40,920	\$31,570	\$24,640	N/A	N/A
Mean Hourly Wage	\$25.67	\$15.40	\$12.60	\$12.43	\$9.90 (March 2020) \$12.25 (current)
Mean Annual Earnings	\$53,390	\$32,030	\$26,200	\$25,854	N/A

Sources: BLS March 31, 2021b; NADSP 2021; MDHHS April 2021.

Note: *not in BLS categories; the first three categories represent wages as of May 2020; family caregiver hourly wages include pre-pandemic pay of \$9.90 (March 2020) and current wages under premium pay of \$12.25.

2020 Michigan Hourly Living Wages

- One adult with and without children

One Adult	One Adult Plus One Child	One Adult Plus Two Children
\$13.63	\$31.15	\$41.65

- Two adults with and without children

Two Adults (One Working)	Two Adults (One Working) Plus One Child	Two Adults (One Working) Plus Two Children	Two Adults (Both Working)	Two Adults (Both Working) Plus One Child	Two Adults (Both Working) Plus Two Children
\$22.20	\$26.03	\$29.66	\$11.10	\$16.96	\$22.71

Source: Glasmeier 2020. "One child" is a four-year-old; "two children" are a four-year-old and a nine-year-old.

Note: When only one adult is working, it is assumed the other adult is providing child care. When both adults are working, the estimated living wage is per working adult.

Data Gaps Hinder DCW Analysis

- Despite considerable attention and research on the DCW in Michigan, there are data gaps
 - PSC estimates that there are around paid 165,000 direct care workers, but a precise figure is challenging
 - Limited data and no Bureau of Labor Statistics occupational code on direct support professionals
- Third-party surveys and data gathering also very helpful (e.g., surveys of direct support professionals)

2021 DCW Occupational Data Forthcoming

- State-level occupation wage data for 2021 is not yet unavailable, but both wages and the cost of living have increased
- In 2020, DCW occupation wages broadly in line with other low-wage occupations (e.g., childcare, retail stores, fast-food servers)
- In 2021, unclear whether dynamics have shifted, though anecdotal evidence suggests large challenges in hiring and retaining workers
- September 2021 DCW premium pay increase in Michigan helpful, but it is not enough
 - Not permanent, no cost of living adjustments, and will decrease from \$12.25 to \$9.90 in a year without legislative action

PSC: DCW Turnover Cost Analysis

- Primarily focused on employer turnover costs
 - Direct and indirect costs
- Employer direct and indirect cost framework useful for other stakeholders to assess turnover costs
- Gathered turnover rates and estimated turnover costs for each DCW occupation
 - By turnover occurrence and statewide
- Data gaps and little consensus on appropriate methodology to estimate turnover costs

Turnover Cost Framework

Direct Costs	Indirect Costs
Separation	Lost productivity
Vacancy	Reduced service quality
Replacement	Lost client revenue and/or reimbursement
Training	Lost clients to other agencies
Worker Injuries	Deterioration in organizational culture and employee morale

Source: Seavey 2004, 12, 14–16.

Michigan Turnover Rates and Occurrences (2020)

	Certified Nursing Assistants	Personal Care Aides	Home Health Aides	Direct Support Professionals	Home Help Individual Caregivers	All Direct Care Workers
Turnover Rate	68%	89%	89%	43%	N/A	N/A
Jobs	48,610	41,106	27,404	17,000	33,000	167,120
Turnover Occurrences	33,055	36,584	24,390	7,276	N/A	101,305

Source: EMSI census and employment data.

Cost to Michigan Employers per Turnover Occurrence (2020)

\$6,160 to \$7,893

**per turnover occurrence
(direct and indirect costs)**

Michigan Statewide Turnover Cost (2020)

\$684 million
annually
(direct and indirect costs)

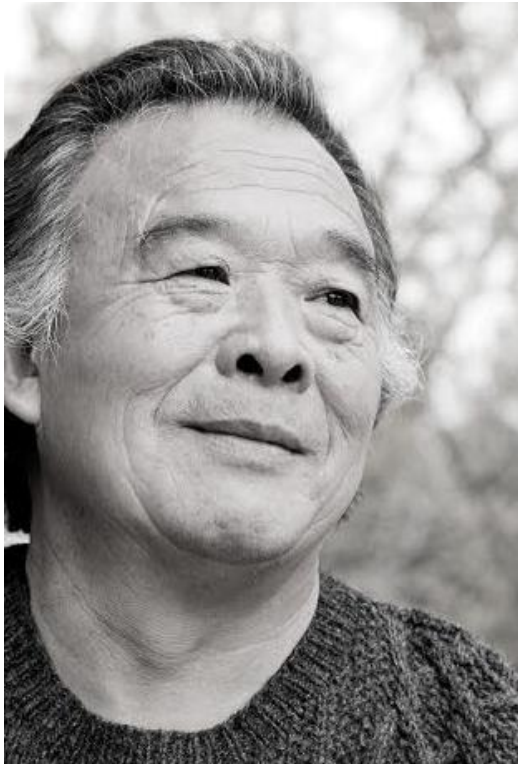
Michigan's Direct Care Workforce Advisory Committee

Background – Long-Term Goals

- Increase the number of universal professional direct care workers
- Decrease turnover
- Change perception of the role
- Improve choice for consumers and DCWs
- Establish a professional association
- Address issues facing **ALL** DCWs



State Plan on Aging Goal: Increase the Direct Care Workforce



Increase the number of well-trained, qualified, and supportive multicultural direct care workers through collaboration by elevating the workforce, improving retention, promoting its collective value, and supporting opportunities to increase wages.

MDHHS/Bureau of Aging, Community Living, & Supports (BACLS) Statewide DCW Advisory Committee

The MDHHS DCW Workforce Advisory Committee provides insight and direction into development of policies, programs, and procedures to address the MI DCW shortage and is comprised of Advisors, Consultants, and Michigan Department Staff.

- Advises MDHHS/BACLS on current and emerging issues within the direct care workforce
- Identifies short-term and long-term opportunities to address the DCW shortage
- Provides strategic direction for MDHHS/BACLS-led initiatives relating to DCWs
- Serves as subject-matter experts to inform initiatives
- Leverages organizational resources to advocate in support of MDHHS-supported legislation on direct care workforce matters, when appropriate
- Includes three workgroups
 - Competency, Education, Credentialing, Career Pathways
 - Communication and Mental Health
 - Personal Protective Equipment/Vaccine



Importance of State Coordination

- Quality
- Wages & Benefits
- Consistent & Sufficient Hours
- Respect
- Choice
- All professional direct care workers, regardless of fund source



Outcomes and Lessons Learned

- Initial meeting March 4, 2020
- Competency/requirements guidelines
- Code of ethics and professional standards
- Crosswalks
- PPE/Vaccine Policy Briefs – PPE Supplies and Vaccine FAQs
- Premium pay for DCWs (COVID response)
 - Legislature and Governor made permanent the \$2.35 premium pay for DCWs in the FY 2022 approved budget – PA 87 of 2021
- MI Care Career DCW/Employer on-line platform under development
- DCW Communication 1-Pagers: Definitions and Training Infrastructure

Efforts to Professionalize the Direct Care Workforce in Michigan

DCW Initiatives in Michigan: A Sampling



- IMPART Alliance
- MDHHS DCW Advisory Committee
- IMPART Alliance/PHI Partnership: Essential Jobs, Essential Care (EJEC) aka IMPART Alliance DCW Coalition
- ARPA Funds – recent proposal
- Wage Coalition
- DCW Professional Association



- **Vision:** A world with respect, wellbeing and quality of life for people of all ages and abilities
- **Mission:** To build a strong caregiver workforce and address a critical shortage of professional direct care workers (DCWs) who provide high quality, lower-cost, person-centered homecare to older adults, while sustaining their own wellbeing.
- **Overall Goal:** Build infrastructure in MI to develop & support the DCW workforce in a systematic, integrated, sustainable way.
- **Key Strategies:** Establish a statewide IMPART Alliance Coalition, Caregiver Training Institute, DCW Professional Association, Culture Change Campaign, and Partnerships for Advocacy; Consulting Services; Research and Evaluation

MDHHS DCW Advisory Committee/Competency, Education, Credentialing, Career Pathways Workgroup

Goals

- Competency Guidelines for a “Universal DCW”
- Professional and Ethical Standards
- Education and Training Guidelines
- Certification/Credentialing
- Career Pathways including Certification and 3 Training Tiers plus specialization certificates



Aligns with the 2021 – 2023 MI State Plan on Aging

Essential Jobs, Essential Care: State-Based Policy Advocacy Initiative



- IMPART Alliance & PHI Partnership: Formation of the IMPART Alliance statewide DCW Coalition to help drive policy strategies that strengthen the direct care workforce in Michigan
- Building momentum: Recent proposal for MI Training Infrastructure, funded through ARPA

Elements of Success to Date

- Michigan is unique in that there is **tremendous drive** to make significant changes regarding the direct care workforce.
 - Strong state leadership support
 - Shared vision and goals among key stakeholders
 - Recent proposal to use American Rescue Plan Act (ARPA) funds to invest in Michigan DCW training infrastructure:
 - Plans for a centralized training hub
 - Online platform to connect providers/care recipients and DCWs (MI Care Career Center)



Questions?

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