

Providing Health Care for Direct Care Workers—A Case Statement/Action Plan

PART I -- Background

The Better Jobs Better Care Coalition is committed to seeing that affordable and meaningful health care coverage is part of every direct care worker's **better job**.

Who Direct Care Workers Are and What They Do: Approximately 55,000 people in Iowa work in hospitals and long term care facilities as certified nurse assistants, assisted living workers, hospice workers, medication aides, home health aides, personal care attendants and a variety of other job titles.¹

Direct care workers care for the friends, neighbors and loved ones of Iowans and help maintain their health, independence and safety. They do so by assisting with bathing, dressing, grooming, toileting, eating, moving, exercising and medication—and by “being there” to listen and show concern.

It takes a special person to be a caregiver; someone who is competent, compassionate and committed to the welfare of others. The irony: while society does not send messages of value to these workers (“Talking about what I do for a living is a conversation stopper,” says one direct care worker)², those being served – residents or clients and their families - view exceptional direct care workers as priceless.

Facts:

- Iowa's direct care workers are among the state's oldest, poorest and most rural working residents
 - ✓ Certified Nurse Aides (CNAs) in Iowa earn an average of \$10.77 per hour³
 - ✓ One in four CNAs live in a household with income less than \$18,000 per year
 - ✓ Iowa's health care industry has more workers age 65 and over than any other industry in the state
 - ✓ 77% of CNAs live in a rural area⁴

- One in every 4 CNAs in Iowa lacks health care coverage (a rate that is almost twice as high as in the general working adult population in Iowa).
- 12% of Iowa CNAs rely on public assistance for health care coverage.
- 37% either don't have, or can't afford, private health insurance coverage.⁵

Implication: The lack of health coverage, tied with the poor wages associated with the responsibilities of the position AND the physically and emotionally challenging nature of the work, contributes to a high turnover rate in the profession.

CNA turnover in Iowa has been estimated at 60% annually.⁶ (The 60% turnover figure relates to CNA positions, not to actual CNA's. This means that for every 100 CNA positions that exist in Iowa, there are an estimated 60 instances during the year where a position becomes vacant and is filled with a new employee. The 60% turnover estimate, issued in a report dated February 12, 2003, is the best and most recent information available. Iowa has no comprehensive system in place to routinely measure and report specifically on CNA or other direct care worker turnover.)

The \$ Costs of Employee Turnover

According to a Better Jobs Better Care (BJBC) Practice and Policy report issued in October of 2004, "The most commonly used, conservative rule-of-thumb for estimating the per worker cost of turnover in the overall U.S. economy puts the comprehensive cost of replacing a lost employee at 25% of his or her annual compensation amount." The report goes on to say that applying this formula to direct care workers "suggests a total cost of turnover per employee in the range of \$4,200 to \$5,200." (For purposes of actual calculation of turnover cost, the report uses a conservative figure of \$3,500 per worker vacancy.)⁷

These costs are associated with separating the existing employee, recruiting and interviewing applicants, orientating and training new staff, productivity losses that occur when experienced staff depart and new staff arrive, and the paying of overtime and the hiring of temporary staff while operating short. These costs are born by employers and are reflected in the bills paid by consumers and taxpayers.

How significant are these costs when applied solely to CNA turnover in Iowa?

There are an estimated 21,000 CNAs working in long term care facilities in Iowa.⁸ Applying an estimated 60.7% turnover rate (reported by the 2002 American Health Care Association's Survey of Nursing Staff)⁹ results in an annual turnover of 12,747 positions. Assuming that each position is filled, and assuming that the cost of filling each vacancy is \$3,500, the total annual cost of CNA turnover is \$44,614,500. **44.61 million dollars.**

The Costs of Employee Turnover Can Be Measured in Quality of Care

In general, a worker who is well trained, well paid, well-benefited, involved in decision making at the workplace, respected by peers and the public, challenged but not constantly overwhelmed by workloads, and treated like a valued team member is a satisfied worker. In return, this satisfied worker will report for work everyday, give it their best, and care about the mission and the accomplishments of their employer.

That's true across all employment fields, and it's true for direct care workers.

If direct care workers have little job satisfaction (because of inadequate training, understaffing, lack of respect, and poor pay and benefits) they will be looking elsewhere for employment. Many will find greater satisfaction elsewhere, and the direct care worker profession will suffer.

More importantly, the quality of care for, and the quality of life of, a resident or client and his or her family will suffer. It will suffer because continuity of care has been disrupted. A knowledgeable and skilled worker possessing a relationship with an individual (a worker knowing the seemingly small yet critically important things—things like the temperature of the washcloth used on the forehead, the side of the bed the resident or client prefers to sit on, etc.) will be replaced by a “stranger” — a person with less knowledge and skills who does not know or understand the unique needs and personality of the resident or client and his or her family.

In addition, high turnover leads to facilities or other service providers working in a “short staff” mode. When that situation exists, the staff that remains has to do more, do it faster, and do it with more stress and greater frustration. The impact can be severe, as seen in the following statement:

*“Care that is rushed, care that is delayed, and in some cases care that is entirely forgone—a home care client not visited; a person with disabilities left in bed all weekend, or whose family cannot work because help is not available; a nursing home resident who sits alone, hungry and dehydrated.”*¹⁰

Is that the result any of us want for ourselves, or those we love or care about?

If the desired goal is to obtain the highest quality of care for ourselves and those near and dear, then it will happen when high quality jobs are available for those who provide the care; jobs that encourage people to enter, stay and excel in the direct care profession.¹¹

The Costs---A Summary

Simply stated...employers, consumers and taxpayers are paying an enormous amount of money for the wrong thing.

They are paying for a preventable turnover of staff that produces both a higher cost and a lessened quality of care.

Consider an alternative—what if our public policy was turned on its head? What if we began to use these tremendous sums of money—**44.61 million dollars annually**--for a more logical and effective purpose--to focus on recruiting *and retaining* high quality staff? To do so by paying workers what their job is worth, to provide them with the training and the benefits they deserve, and to create a culture that demonstrates respect for their abilities and their commitment? And in so doing, produce a **stable** workforce that provides the highest quality of care for our fellow Iowans?

(Consider what **44.61** million dollars could be used for. It *could* be used to provide each of the estimated 21,000 CNA's in Iowa a yearly salary increase of \$2124. It *could* be used to assist employers and employees in expanding or acquiring meaningful health coverage. It *could* be used to provide more comprehensive initial and ongoing training. It *could* be used to create a reward system that acknowledges extraordinary work. It *could* be used for any number of things that would make the direct care worker profession more attractive and more highly regarded.)

What would Iowans prefer? Business as usual or meaningful change?

Common sense would indicate that the time for significant change is well overdue.

PART II – Getting From Here to There

Where to Start? Health Care Coverage.

The direct care profession will be enhanced as each component of a quality job (training, workplace respect, pay and benefits, etc.) is addressed. A necessary step is to deal with health care, and to identify ways to obtain affordable and meaningful health coverage for all direct care workers.

Why Health Care Coverage? Why Address It?

The presence of affordable and meaningful health coverage for an employee or the self-employed is part of the basic definition of a “good job.” Individuals seeking work look for positions “with benefits.” Parents steering their children toward occupations encourage them to enter a field with “good pay and good benefits.” Why? Because everyone is, and needs to be, focused on personal well-being and financial security for themselves and their families.

The presence of a good health care package is a sought after employee benefit. Those who don’t have it, want it. Those who have it, often want it to be better...to cover more or cost less.

With 37% of the direct care workforce unable to afford private health care coverage, and with this factor contributing to high employee turnover rates which in turn, increase care costs and lessen the quality of care, the problem is obvious and the need to do something about it is clear.

Above and beyond all else, there is the ethical question: *Do those who dedicate themselves to the care of others in our society deserve a basic level of health care coverage for themselves and their families?*

Said another way: *Does society truly care about the professional caregiver?*

Why Should the General Public Be Concerned About The Health Care Coverage Issue?

Each Iowan has someone in their lives that needs, or will soon need, the services of a direct care worker. Maybe it’s a spouse recuperating from a broken hip, a parent suffering from dementia, a friend who has had a car accident, or the family down the street with a child who has a disability which requires daily supports to stay in school and function at home.

Each Iowan also faces three realities in *their own* lives that may lead them to be cared for by a direct care worker—they could have an extended illness, they could become disabled, and they could experience a death that is preceded by a period of hospitalization or long term care.

There is a fourth reality that will affect everyone and that few are aware of or thinking about: the reality of employment demographics. In July of 2005, there were an estimated 96,000 full time equivalent direct care worker vacancies in nursing homes throughout the United States. (This figure does not include vacancies in home health care, or in other non-institutional care settings.)¹²

By the year 2010, it is projected that over 780,000 additional workers will be needed in the direct care field to meet the growing demand for services. This demand is growing at a time when the traditional source of such long term care workers -- women aged 25 to 44 -- is projected to grow by only 1.25%, or 400,000 potential workers.¹³

The concern? When the direct care worker is most needed, there simply will not be the supply to meet the demand. The situation has caught the attention of a recent White House Commission, which reported in September of 2005 that “We are on the threshold and may have already crossed the threshold of a large crisis of long-term care.” The report, according to WebMD Medical News, warns that the lack of qualified workers threatens to lead to a “warehousing” of elderly in nursing homes in the future.¹⁴

The need? This is everyone’s issue. Everyone benefits from the presence of a competent and caring workforce that is large enough and stable enough to provide the quality of care everyone wants and deserves.

Ensuring that affordable and meaningful health care coverage is available to those in the direct care profession will be a large part of the solution to meeting both the current and future workforce and quality of care challenges.

Beyond the *specific* issue of the direct care workforce and quality of care challenges, there are two important reasons why individual Iowans need to care about the *general* issue of the uninsured. (The uninsured in Iowa are estimated to total 300,000.)¹⁵ One reason is that every employed Iowan who has health care coverage has some degree of risk in either losing it, having coverage significantly reduced, or having it priced beyond their ability to pay. Health care plans change constantly. Coverage, premiums and co-pays are altered. First dollar coverage plans get converted to catastrophic coverage plans. Companies lay people off. Companies relocate or close.

Reason number two is that the insured are coming to understand that they are NOW PAYING FOR the costs of the uninsured. As more information becomes available on “who pays” for the costs of health care, the insured are seeing the issue of the uninsured, not as some abstract concept, but as an issue that is directly affecting their pocket book.

A June 2005 report conducted by Families USA quantifies the dollar impact on health insurance premiums when doctors and hospitals provide care to those who are uninsured. The report states that the premium costs for health insurance coverage provided by private employers in 2005 include, on average, an extra \$922 per family due to the cost of care for the uninsured. Premiums for single coverage, on average, cost an extra \$341.¹⁶

Clearly, health coverage is a universal concern, and a universal issue. It's something that everyone is touched by, everyone has a stake in, and everyone can rally around.

Why Address the Issue Now?

Here are some of the variables that make this an opportune time to seize the day:

- The Des Moines Register, the largest and most influential newspaper in Iowa, has taken a strong and consistent stand for a new and comprehensive approach to health care coverage in America.
- Former Iowa Governor Bob Ray heads The National Coalition on Health Care, an organization that includes over 100 of America's largest businesses, unions, insurers, etc. This group, which includes AARP and Des Moines-based Principal Financial Group, has issued a call for a "core package of health insurance benefits for all Americans."¹⁷
- Union activity in Iowa is focused on health care coverage in general, and health care for health care workers in particular.
- New Iowans (those entering the state to live and work) are a focus of Iowa elected officials. Public meetings have been held around the state to discuss what new Iowans want and need. Health coverage is a typical topic raised in the discussions.
- Iowa's Medicaid budget is under great strain, and is receiving great scrutiny. The next legislative session will once again deal with the basic issue of what and who the program will cover and to what extent.
- Health care coverage, who has it and who should pay for it, is becoming a visible issue in the race to see who will be Iowa's next Governor.
- Potential Presidential candidates are showing up on Iowa street corners testing the waters and looking for support. Health care and health care coverage is a "staple" of conversation, and will be an essential element of any credible candidate's platform.

In a nutshell---The game is going to be played and it will produce a result. Our choice is to watch it, or to play in it. We opt to play, and to help lead.

The Strategy

The proposed strategy to address the lack of affordable and meaningful health care coverage for direct care workers in Iowa consists of the following:

1. Assist the direct care worker in maximizing their knowledge and usage of programs that currently exist, and
2. Work to secure expanded health care coverage options for both direct care workers and other uninsured populations.

The details of the two-part plan follow.

- **Assist the Direct Care Worker in Maximizing Their Knowledge and Usage of Programs That Currently Exist**
 - ✓ Utilize the Iowa CareGivers Association newsletter, The Hub, and other communication vehicles to list and describe the options that direct care workers currently have to meet their health care needs. This list will include types of benefits (Medicaid, Hawk I, Iowa Care, etc.), eligibility rules and application processes, and alternative routes of health care access (rural and free clinics, community health centers, etc.)
 - ✓ Engage direct care workers and the existing direct care worker leadership network to conduct a peer-to-peer approach to assessing and meeting the needs for coverage and access.
- **Work to Secure Expanded Coverage Options for Direct Care Workers and Other Uninsured Populations in Iowa**

The Broad Uninsured Population:

- ✓ Identify other agencies, organizations, groups and key opinion leaders with an interest in health care coverage for the uninsured. Create a dialogue with them to learn about their efforts and proposals. Assess their interest in joining the Better Jobs Better Care Coalition and the Iowa CareGivers Association in a broad-based effort to address the issue and obtain results.

- ✓ Utilize the Better Jobs Better Care Coalition as the catalyst for engaging and organizing these interested groups into an Iowa Coalition for Health Care. Utilizing the Gov. Ray/National Coalition on Health Care as a potential model for organizational structure and “how to do it” at the state level:
 - Educate the public on the health care coverage issue, the costs of the status quo and the need for change.
 - Identify, analyze and discuss coverage options being explored or utilized in other locales.
 - Obtain consensus on specific proposals for consideration and enactment. Craft legislation in late 2006, for consideration by the 2007 Iowa legislature, that “calls for the question” on obtaining equitable health care coverage for all Iowans.

The Direct Care Worker:

Address their needs in two parts, by

1. Considering strategies that would have the direct care worker serve as “a face” of the efforts of the broader statewide coalition, and
2. Work with the Paraprofessional Healthcare Institute (PHI), the Institute for the Future of Aging Services (IFAS) and others to identify coverage options specifically tailored to the direct care worker group. Once identified, work with the Better Jobs Better Care Coalition on proposals for legislative action, and on the legislative strategy.

In order to effectively conduct a campaign for more informed direct care workers and expanded health care coverage, the Iowa CareGivers Association and the Better Jobs Better Care Coalition will seek out potential funding partners.

ENDNOTES

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7. Better Jobs Better Care Practice and Policy Report, The Cost of Frontline Turnover in Long-Term Care, October 2004, p. 9 and 21
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11. The link between turnover and quality is cited in Better Jobs Better Care Practice and Policy Report, The Cost of Frontline Turnover in Long-Term Care, October 2004, p. 15; National Commission on Nursing Workforce for Long-Term Care Final Report, April 2005, p. 7; and AARP Beyond 50 2003, A Report to the Nation on Independent Living and Disability, undated, p. 82
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