

Direct Care Worker Wages and Benefits

Iowa's "Care Gap"

Who will provide care or support for us and our families when we need it? The answer right now is, no one knows. That is because Iowa, like other states, has a growing "Care Gap" – the stark difference between the growing demand for direct care workers who provide care and support in nursing homes, homes, hospitals, and other settings - and the supply. Some experts have even referred to this gap as a "tsunami of need."

What we do know is that a stable direct care workforce is vital to Iowa's ability to provide care and support to its citizens. **This issue brief addresses direct care worker wages and benefits which are important factors in attracting and keeping this high demand sector of the workforce.**

Introduction

The wages and benefits of direct care workers are an important area of focus within health and long-term care, in part because of the enormity of the demand for and size of the workforce. Iowa Workforce Development estimates that an additional 10,000 new direct care positions will be needed between 2006 and 2016. Demand is projected to increase at more than three times the rate of all other jobs in the state.¹ Given this rapid growth, efforts must be made to make the profession more appealing, since low wages and lack of health care and other benefits contribute to direct care shortages and make it difficult to recruit and retain workers in the field. Additionally, ensuring that direct care workers have the supports needed to be successful and self-sufficient will be critical.

Iowa is a national leader in addressing direct care worker issues due to its work with the Direct Care Worker Advisory Council. The country will be watching Iowa for promising practices in direct care worker training, education, retention, and recruitment. This presents both an opportunity and a challenge for Iowa. There is a lot at stake, including future services for individuals and their family members, in addition to the wellbeing of the direct care workforce. It is clear that there is great risk involved if policy and practices do not adapt to meet future needs.

Direct Care Worker Wages and Benefits

Direct care workers are among the lowest paid workers in the state; the average hourly direct care worker wage is reported as \$11.50, while the median state hourly wage for all jobs is \$14.40.² (When not otherwise noted, statistics on wages and benefits are taken from the previous citation.) More than 18 percent of direct care workers have household incomes at or below the federal poverty level, while nearly 50 percent are below 200 percent of the federal poverty level. While per-person spending on health care increased 30 percent from 1999 to 2007, real wages for home care workers have declined between 3 and 4 percent. At the same time, real wages for doctors and nurses have increased approximately 16 percent.³ These factors influence retention of workers – more than 20 percent of direct care workers report seeking employment outside the profession because of low pay and lack of benefits.

Direct Care Worker Wages and Benefits (cont'd)

Even though they often provide health care for others, direct care workers are more likely than other workers to lack health care insurance. Overall, 23 percent of direct care workers do not have health insurance, compared to 12.4 percent of Iowa adults in the American Community Survey of 2008. Benefits coverage has decreased over time; 57 percent of direct care workers report that health coverage benefits have decreased or employee costs have increased. Direct care staff members working in home and community-based settings are particularly likely to lack coverage, as employer-sponsored insurance is the largest source of insurance for direct-care workers, as it is for American workers generally, and availability varies greatly by where these workers are employed.⁴ Single parent direct care workers are more likely to be uninsured (35 percent) than single individuals (26 percent), married couples with children (25 percent), and married couples without children (17 percent). Fortunately, only 5 percent of children of direct care workers do not have health insurance, due to utilization of Medicaid and the hawk-i program.

“Lots of times I work sick because I can’t afford to go to the doctor to tell me I can’t work. So I go to work sick and hope the people I take care of don’t catch what I have.”
Kim Marvets, Certified Nursing Assistant

Common barriers to obtaining health insurance include high premiums and co-payments, ineligibility due to part-time work, and self-employment. In some cases, workers are providing services that they themselves cannot afford to access if needed. Direct care workers and their families often are forced to access alternative sources of health coverage: 14.8 percent of all direct care workers access public coverage at the same time that Medicaid and Medicare covered services pay for two-thirds of direct care wages.⁵ Direct care workers are often considered high risk to insure since they are most likely women aged 42 or older⁶ and have the highest incidence of injuries on the job.⁷ Without access to health care and wages that provide workers and families opportunities to escape poverty, turnover rates continue to increase in the occupation.

Direct care workers utilize the Earned Income Tax Credit (EITC) at a high rate (35 percent), among other public benefit programs, including food stamps and home energy assistance at 15 percent. The utilization of public benefits is in sharp contrast to the decline in employer-offered benefits to direct care workers, such as paid vacation and paid sick leave. The issue of direct care workers working when sick contributes to public health concerns. Only 43 percent of direct care workers had sick leave available to them, and 65 percent of those surveyed noted that they were either somewhat or very concerned about working when sick. Clearly, quality of care and services decline when workers are sick and unable to recover with rest.

Poor wages and benefits lead to high turnover and lower quality of care. It is estimated that the 52 percent turnover rate in the workforce serving people with intellectual disabilities costs the industry \$784 million annually to replace workers who quit.⁸ The national, annual cost of turnover of the direct care workforce across settings is estimated to be \$4.1 billion.⁹

Pay inequities are influenced by the fact that the main labor pool from which workers are drawn is female.¹⁰ In 2008, women earned 77 cents to every dollar that men earned.¹¹ Between 80 and 90 percent of direct care workers are female, compared to less than 50 percent of the total U.S. labor force.¹² The expectations that a family member care for an ill loved one, often for free, leads to diminished value of the profession. Direct care work involves skills and a specialized knowledge base, as often reflected in comments alluding to direct care workers doing work “that I couldn’t do.” There is a discrepancy between the respect reflected in that statement and how direct care workers are paid in wages and benefits. This value gap illustrates the need to value direct care work not only through words, but also through society’s collective pocketbook.

Recommendations for Moving Forward

The following recommendations support ways to address the care gap through policy and practice. It is necessary to support the building of a solid workforce through:

- Providing higher wages and benefits. If direct care workers are expected to provide high quality of care and services to others, they must have access to health care themselves and be able to take sick leave for the protection of public health. In order to encourage workers to stay in the direct care occupation, they must be paid a wage that allows them to support themselves and their families.
- Changing the public's perception of direct care workers as low skill workers. It takes skill to care for and support aging adults, people with disabilities, and individuals with chronic health conditions. Consumers and families in contact with direct care workers know the importance of having a skilled worker support them.
- Establishing a comprehensive system that will support this sector of the workforce by enhancing the quality of jobs through increased education and skill building opportunities. In American society, education is closely linked to higher earning power, and direct care workers need quality training to provide quality services.
- Encouraging direct care workers to utilize asset building programs like the Earned Income Tax Credit and individual development accounts.
- Focusing on the retention of quality workers and better use of limited dollars rather than constantly training new workers.

These recommendations will increase quality of services, improve worker retention, improve the health and well being of direct care workers, and support poverty reduction by allowing these workers to build careers and no longer rely on public assistance, as up to 40 percent currently do nationwide.⁶ Changes can ensure higher quality, better skilled, better rewarded persons providing services to Iowans and their family members.

These supports are critical to the success of the direct care workforce, and as Iowa's need expands throughout the next decade, it will be imperative to build and sustain a qualified direct care workforce.

"We need access to better health care coverage – with a reasonable deductible. I had two significant health care issues in one year and ended up with \$5,000 in unreimbursed medical expenses. Our director, Wendy, at Midwest Opportunities Living, worked with Iowa CareGivers Association and helped me to access some resources to help with those expenses. I think it was wonderful that my employer was willing to do that for me!"

*Sharon Paige, Residential Trainer,
Midwest Opportunities, Inc., Creston, Iowa.*

About the Iowa CareGivers Association (ICA)

Since 1992, the ICA has worked to provide direct care workers with the education, leadership tools, and resources they need to succeed in their profession. With a mission of enhancing quality of care by providing education, recognition, advocacy, and research in support of direct care workers, the ICA continues to advocate for policy that positively affects direct care workers, addresses the care gap, and provides the systems needed to support the direct care profession. The ICA is nationally recognized as an independent voice for direct care workers and has been involved in numerous state and national efforts to gauge the needs of direct care workers and advocate for policy and practice solutions to address those issues.



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For additional resources on the care gap and other issue briefs, contact the Iowa CareGivers Association at:

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