

**HOME CARE WORKERS HEALTH INSURANCE  
DEMONSTRATION PROJECT:  
FINAL EVALUATION**

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# HOME CARE WORKERS HEALTH INSURANCE DEMONSTRATION PROJECT: FINAL EVALUATION

This report is the third and final evaluation of the Home Care Workers Health Insurance Demonstration Project as mandated by the enabling legislation enacted in 1999.

## **Background:**

In the late 1990s, shortages of home health care workers became an issue of great public concern. Growing demand for home care was not met with an increasing supply of workers prepared to deliver the required services. Home care wages and benefits were low and the characteristics of the job— uncertainty of patient load, travel time not included in hours worked, intimate contact with strangers— did not lend itself to movement into the industry. Legislators were told that not only was recruitment becoming particularly difficult, but workers were leaving for better pay and benefits as well as better job security in other health related industries such as nursing homes and hospitals. One segment of the workforce, those who were home attendants to Medicaid beneficiaries in New York City were unionized and had health benefits, but other parts of the industry were not unionized and were largely fragmented by payer, location, and other factors. The situation was deemed serious enough for the legislature of New York to intervene.

Section 107 of the Laws of 1999 of New York State authorized the Department of Health to address home care worker recruitment and retention issues through a 3 year demonstration project. The information gathered from the demonstration would help the Department to address these serious issues and to gain experience with mechanisms to provide, maintain, and subsidize health insurance coverage of home care employees. The legislation called for an award of up to \$203 million dollars in a demonstration to employers of personal care aides in cities and counties with a population of one million or more.

Responding to an RFA issued on April 18, 2000, the 60 home care agencies contributing to the 1199 Home Care Industry Benefit Fund and the Home Care Industry Local 32B-32J-144 SEIU Health Fund (the 1199 Benefit Funds) submitted a common application to provide health benefits to covered home care workers through the HealthFirst managed care company. The consortium of home care agencies submitted their application on May 26, 2000. In their application, the agencies proposed to: 1) develop an employee benefit package with measurable outcomes in terms of employee recruitment and training; 2) coordinate the new program so as to promote and maintain personal care aide coverage during periods of insurance disruption; 3) allow the State to identify and evaluate secondary benefits, such as improved quality of life for home care workers and their families; and 4) produce quality data required to measure before and after the demonstration factors such as aide recruitment and retention, including a written evaluation of the costs and benefits derived from participation in the program.

The 1199 Benefit Funds were notified in July, 2000 that their application had been approved, although at a lower amount than had been requested. The Consortium had requested \$203,000,000 over the 3 year demonstration but was awarded only \$165,000,000 for the same period. Despite the reduced funding, the Funds decided to continue with the Demonstration as originally proposed.

The enhanced benefit program began on September 1, 2000. The new coverage consisted of assigned primary care providers under the HealthFirst managed care program, and additional benefits including dental care and vision services. It was anticipated that this improved coverage would help to attract workers to the home care industry and stabilize the retention of workers already employed in home care.

To these ends the Demonstration Program has been successful. Not only has the issue of scarcity of home care workers faded from the policy arena, but workers now have longer tenure and greater job satisfaction largely as a result of the new health benefits (but also as a result of substantially increased wages).

Over the three years of the Demonstration, several events have occurred that are relevant to the overall evaluation of the project:

- The management of the project shifted from HealthFirst to the 1199 National Benefit Fund as of July 1, 2002
- In January, 2002 the New York State legislature enacted a \$900,000,000 package over 4 years for wage increases to home care workers in which the home attendants in the Consortium home care agencies will be the primary beneficiaries.

- HCRA 2003 extended the Demonstration Program for another 2 years.

**The Program:**

As Table 1 shows, as of June 2003 there were a total of 77,907 home care workers and dependents covered by the Demonstration Program. Table 2 shows the enrollment differential of 2002 with 2003. These data point to a stability in enrollment for home care workers.

**Table 1: Enrollment in Demonstration Program December, 2003**

Active Members	38,876
Active Spouses	15,935
Active Dependents	22,111
COBRA	985
<b>TOTAL</b>	<b>77,907</b>

Source: 1199NBF 5/17/2004

**Table 2: Enrollment Comparison 2002-2003**

Category	12/2002	12/2003	Change
Active Member	38,491	38,876	385
Active Spouse	15,863	15,935	72
Active Dependent	23,233	22,111	(1122)
COBRA	1079	985	(94)
<b>TOTAL</b>	<b>78,666</b>	<b>77,907</b>	<b>(759)</b>

Source: 1199NBF 5/17/2004

It is significant that over the course of the three year Demonstration, the number of workers included showed a slight increase. Prior to the Demonstration, the workforce was decreasing.

Home care workers get benefits from the 1199 Funds if they work more than 80 hours per month.<sup>1</sup> If they do not work at least 80 hours for two consecutive months they are dropped from the Fund rolls and lose their access to health and other 1199 Fund benefits. According to information from the 1199 Fund, the main reason for workers losing their coverage is the loss of a client (who may be hospitalized or institutionalized) and the inability to be placed immediately with a new client. In some cases, older home care workers may retire or desire a more part time schedule. Thus, it is likely that there will always be some turnover within the ranks of home attendants. Nevertheless, any mechanism that reduces that turnover will be a boon to home care recipients (since they will have a more stable situation) and to home care workers (since they will avoid the see-sawing loss of benefits routine.)

The results have been impressive. Since the time of the start of the Demonstration the number of people losing their benefits has fallen by one third, while the number of new home attendant cases has been essentially flat. Therefore, it seems clear that the Demonstration – the only significant change in home attendant work during this period – is responsible for a dramatic increase in retention of home care workers.

In the period immediately prior to the start of the Demonstration Project, an average of 1550 home care workers lost their coverage each month. After the third year of the Demonstration the number had been reduced to an average of 1,034 per month, a reduction of 1/3.

It is worth noting the relatively large change in the number of dependents covered by the Demonstration Project between 2002 and 2003. The reduction of 5% (1122 dependents) is largely a factor of the age of the group. Dependents are covered in the Funds until they are 19 if they leave school or until 23 if they continue in school. The numbers reveal that most home care worker dependents are in their late teens, a reflection of the demographics of the home care work force. It suggests that without the dependent coverage the number of uninsured in New York would be even higher, since the teen-young adult age group cohort has the highest rates of uninsurance.<sup>2</sup>

The prior evaluations have examined the utilization of services for the Demonstration Project contrasted with a typical Medicare Managed Care program. This was possible for the first two years when HealthFirst could provide such data, but it is not possible for the third year since HealthFirst no longer participates in the Demonstration Project. We can, however, compare the utilization of the Home Care Workers in the Demonstration Project to the utilization of services of the 1199 National

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<sup>1</sup>One agency is an exception to this requirement, demanding 120 hours for eligibility

<sup>2</sup>Some of these family members might have qualified for other New York State health insurance programs, most of which would have cost the State more than the Demonstration Program.

Benefit Fund (NBF). The NBF has a similar population mix except that it includes workers who have a higher income than the home care work force. It also provides care to about three times as many workers as the Home Care Fund(HCF). As Table 3 shows, the home care workers are using substantially less hospital care and substantially more pharmaceuticals than the overall 1199 workforce.

**Table 3: Comparison of Utilization of Medical Services HCF and NBF, 2003**

Service	Difference Between HCF and NBF
Inpatient	(24.3%)
Outpatient	(22.5%)
X-Ray and Lab	13.1%
Surg and Anesthesia	(5.2%)
Office Visits and Misc.	6.9%
Total Medical Services	(5.2%)
Pharmaceuticals	25.1%

Source: 1199NBF 5/17/04

This utilization is consistent with the utilization from the first two years of the Demonstration Project in terms of absolute use of services independent of the comparison group. It represents an almost ideal use of managed care in which ambulatory care is substituted for inpatient and emergency services and pharmaceuticals are substituted for medical and surgical procedures. This may also reflect the close relationship that home care workers have with their clients and their aversion to things which might keep them from performing their duties. As such, the health plan acts to improve the quality of care delivered to home care clients by increasing the continuity of care from a single provider.

## **Recruitment of Home Care Workers:**

A content analysis of major New York State newspapers over the past 3 years reveals that the home care worker shortage that was in such evidence in the late 1990s, and which led to the creation of the Demonstration Project, has largely faded from public view. There have been only 3 articles in major newspapers which have discussed a shortage of home care workers and all were in the first half of 2002. Two of the articles were from upstate newspapers (Syracuse Post-Standard and Albany Times Union) and referred to wage discrepancies between the Medicaid and Medicare programs and the impact of state policy. The final article was from the New York Times and described union-organizing efforts in non-Medicaid home care agencies.<sup>3</sup> It seems clear that as far as the public is concerned, the home care worker shortage has faded as an area of concern. In this sense the public policy value of the Demonstration Project seems obvious and validated.

## **Trends in Home Care Utilization:**

Home Care utilization in New York City has remained virtually flat for the entire period of the Demonstration Project. Table 4 shows the changes in the number of home care cases in New York City between January 2000 and March 2004 (the latest data which are available). There is an overall change of only 104 cases over the 4 year plus period. On a percentage basis, the total number of cases never grew by more than 1.4% and never declined by more than 1.6% over the entire period. The stability of the case load points more to the active involvement of the New York City Human Resources Administration (HRA) in tracking case load than to any epidemiological or demographic characteristics of the population in need of home care services in New York City over the time period under review. The data reported below are for all home care cases provided by Medicaid. These cases are broken down into those provided by home attendants, long term home health care, housekeeper, homemaker, and home care cases. Of these almost 70% are home attendant cases, the kind in which the workers in the Demonstration Project are most likely involved. The numbers of home attendant cases has followed very closely the overall number of cases that are provided by HRA. Table 5 shows the changes over a four year plus period of time for home attendant cases. It shows that over the period, the total number of home attendant cases has declined by 3% (1568). Since the number of home attendants has actually grown slightly, the likely explanation is that the current cases require more hours of care even for a smaller number of patients.

The ability to provide the extra care can also be seen as a beneficial outcome of the Demonstration Project in that the workforce is more committed to providing services

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<sup>3</sup> The search was done through the Lexis-Nexis database and performed on June 18, 2004. The three articles found were from: 1) Times Union (Albany) January 17, 2002:A1; 2) Post-Standard (Syracuse) May 13, 2002:4; and 3) New York Times May 28, 2002: B5

for its population, even when that requires spending more time with patients.

**Table 4: Home Care Cases in New York City, 2000-2004**

<b>Date</b>	<b>Cases</b>	<b>Difference From Preceding Period</b>
01/00	65,668	-
04/00	65,322	(346)
08/00	65,455	133
01/01	64,312	(1113)
04/01	65,089	777
08/01	65,761	672
01/02	65,752	(9)
04/02	65,765	13
08/02	67,123	1358
01/03	66,420	(703)
04/03	66,254	(166)
08/03	66,007	(247)
01/04	65,957	(50)
02/04	65,847	(110)
03/04	65,772	(75)
<b>01/00-03/04</b>		<b>(104)</b>

Source: Office of Program Reporting, NYCHRA May 2004 accessed on June 18, 2004

**Table 5: Home Attendant Cases, 2000-2004**

<b>Date</b>	<b>Number of Cases`</b>	<b>Difference From Preceding Period</b>
1/00	47,175	
4/00	46,727	(448)
8/00	46,568	(159)
1/01	46,467	(101)
4/01	46,304	(163)
8/01	46,662	358
1/02	46,548	(114)
4/02	46,380	(168)
8/02	46,351	(29)
1/03	46,037	(314)
4/03	45,689	(348)
8/03	45,877	188
1/04	45,732	(145)
2/04	45,592	(140)
3/04	45,607	15
1/00-3/04		(1,568)

Source: Office of Program Reporting, NYCHRA. Accessed on June 18, 2004

**Agency Director Interviews:**

A series of brief interviews were conducted with a sample of the Executive Directors of Home Care agencies who participate in the Demonstration Project. The purpose of the interviews was: 1) to get their assessment of the Project; 2) to learn about their recruitment issues; and 3) to learn about their retention experience with home attendants. The results of these interviews can be summarized as follows:

- 1) New York City home care agencies have little trouble finding new home

attendants when the need for one arises. They generally obtain candidates names from current home attendants. It is worth noting that there is relatively little turnover in the agencies so that recruitment is not a major or even minor problem. The Executive Directors believe this is due to the large female immigrant pool in New York City (even as the ethnicity of the pool changes – from Caribbean to Eastern European), and particularly the increased wages and benefits that home attendants now receive.

2) The Directors all noted that they had little direct contact with the Demonstration Project and their opinions of it were largely what they heard from the home attendants and supervisors who were close to the home attendants. That said, what they heard was positive. The perspective of the Directors was that health benefits had been provided in their agencies and the Demonstration served to enhance the quality and quantity of the benefits. They all felt that given that situation the increase in wages that the home attendants are now receiving was a much more powerful factor. The enhanced health benefits and the higher wages not only attracts new interest to home care as a job, but it puts pressure on the CHAA's and LHHCA's to either match benefits (since the jobs are largely similar) or face losing their staff to the home attendant agencies.

3) The Directors generally take pride in the long tenure of their home attendants and the lack of frequent transitions to other jobs. They are greatly impressed with the personal attention that the home attendants pay to their clients and the sense of dedication that they show. This manifests itself, they believe, in fewer sick days and less time off than they believe is the case with administrative personnel who work in the agencies. They note very little turnover of staff historically, but also less since the start of the Demonstration.

4) The Directors believe that the enhanced benefits provided by the Demonstration Project should continue and that the state should increase the level of funding so that the enhanced benefits become a standard part of the home attendant compensation package.

## **Conclusions:**

All evaluations of social policy programs are haunted by the specter of contamination by outside events. The Home Care Workers Demonstration Project is no different in this regard. It will never be entirely clear to what extent the enhancement of health benefits that was the heart of the program was successful in and of itself as opposed to the impact of the higher wages won by home attendants. The two factors working in tandem have led to a very successful program, one that clearly should be continued. However, from a methodological perspective, it is not entirely clear how much of the success is due to the Demonstration because of the contamination by the wage increase.

After three years of enhanced health insurance benefits, the Demonstration Project seems to be fulfilling its intended goals. Homecare agencies report no difficulties in attracting new applicants for whatever home attendant positions are available. The agencies also report decreased turnover during the period of the Demonstration. The numbers of home attendants who lose their benefits as a result of working an inadequate number of hours has declined significantly since the start of the program.

The home attendants exhibit proper use of a managed care system in that there is a substitution of ambulatory services for inpatient services which should not only promote prevention but also reduce overall costs. The large numbers of dependents covered help to decrease the overall rate of uninsurance in New York. While pharmaceutical costs have been high, they are nevertheless, less expensive than greater inpatient services would be and it is to be expected that the current climate of attention to the pharmaceutical industry will help to rein in prices resulting in lower overall costs to the program in the long run.

On every dimension in which this Demonstration has been observed and evaluated over a three year period, it is clear that the goals of the Legislature and the Department of Health have been met and perhaps even exceeded.