



Comments Before the Senate Appropriations Subcommittee on the Dept. of Community Health

February 28, 2006

Chairman, members of the subcommittee, my name is Hollis Turnham and I am the Michigan Policy Director for the Paraprofessional Healthcare Institute (PHI). With me is Tameshia Bridges, PHI's Michigan Senior Health Policy Analyst. Thank you for the opportunity to provide preliminary remarks on certain provisions of the Department of Community Health budget that impact direct-care workers—the hands-on caregivers who work in the state's home care agencies and residential long-term care facilities.

PHI is a not-for-profit organization that works to strengthen the direct-care workforce within Michigan's long-term care system. We are largely foundation funded, and the Charles Stewart Mott Foundation of Flint is our major Michigan funding resource.

Our work is grounded in the philosophy that **quality jobs** for direct-care workers will lead to **quality care** for long-term care consumers. While there are many aspects that enhance the quality of care as defined by consumers, one key element is the presence of a trained, compassionate caregiver. Many of these workers see their job as a calling, but can't afford the work. Competitive wages and health insurance coverage are critical elements in attracting and sustaining a strong, qualified corps of direct-care workers, employees of the state's 6,000 long-term care providers.

With this in mind, PHI recently began the *Health Care for Health Care Workers Initiative*, with the specific goal of advocating for affordable health insurance coverage for direct-care workers in nursing homes, assisted living, and in-home settings.

We have been actively involved in the Department of Community's Health's Health Resources and Services Administration (HRSA) State Planning Grant for the Uninsured, by providing our input on how health insurance models being explored in that process will affect the direct-care workers and their employers.

We are currently conducting a survey of long-term care employers, in partnership with the state's five long-term care employer trade associations. We are surveying these employers to better understand the current availability of health insurance coverage for direct-care workers and identifying the barriers that long-term care employers face in providing coverage to their workers.

While our comments today are focused specifically on Governor Granholm's proposed Michigan First Health Plan and the need for direct-care workers to have health insurance coverage, we also want to indicate our support for the proposed addition of \$20 million to the Department's budget to increase wages for direct-care workers in the Michigan Home Help program. The 45,000 workers in this program provide necessary care to elders and support the independence of individuals with disabilities. These workers have not had an increase in years. The average wage is \$6.07/hr. We believe it is time to shore up access to this vital service by increasing wages that will attract and keep experienced, skilled direct-care workers.

Now to the item of greatest interest to PHI within this proposed budget. There are an estimated 120,000 direct-care workers in Michigan. Nursing assistants, home health aides, and personal care attendants provide 70 to 80 percent of the hands-on long-term care services to elders and individuals with disabilities. We know that nationally, one in four nursing home workers and more than two out of five home care workers lack health insurance coverage. Although Michigan does have a higher rate of insured citizens than other states, given the challenges that direct-care workers and long-term care employer face in obtaining health insurance coverage we believe these national rates of non-insurance among direct-care workers are applicable in Michigan.

Direct-care workers lack insurance for two primary reasons: It is too expensive for them or it is too expensive for their employers. In Michigan, home health aides and nursing home assistants earn an average of \$9.97/hour. Studies show that almost half of direct-care workers live in households that are at or below the poverty line. In the instances when health insurance is available through their employer, these workers often cannot afford the average employee premium of \$45/month for individual and \$138/month for family coverage.

Long-term care employers are also challenged by the high cost of health insurance coverage. The Kaiser Family Foundation estimates that the cost for employer-based coverage in Michigan is \$3,671 for individual coverage and \$9,449 for family coverage. Health insurance premiums are often higher for long-term care employers because their workers are considered high-risk due to their age, gender, and high on-the-job injury rate. For many smaller long-term care employers, the high cost of health insurance makes it impossible for them to offer affordable health insurance coverage to their workers.

I am sure many of you have heard these same concerns about the cost of health insurance expressed by your constituents, and are asking why this direct-care workers merit particular attention.

Most of us will need a direct-care worker to care for us or a loved one at some point in our life. We are facing a severe shortage of direct-care workers in Michigan. Direct-care workers are the backbone of the long-term care industry. Michigan's elderly population is expected to expand during the next 25 years by more than 52 percent, but the traditional source of new caregivers, women ages 25 to 44 is projected to shrink by more than 10 percent. Given this crisis, decision makers in both the public and private sectors need to take necessary steps to attract and retain qualified, committed, direct-care workers.

We are still reviewing the Governor's proposed Michigan First Health Plan. But from a preliminary review, PHI believes that this proposal could be such a step in the right direction. Establishing eligibility at or below 200 percent of the Federal Poverty Level (\$19,600 for a single person, \$33,200 for a family of three), as this proposal does, would make many uninsured direct-care workers eligible for coverage and able to get basic health care.

We can't provide more detailed comments at this time; we need to learn more about the proposed the cost-sharing requirements and the benefit package. And, we are interested in how those long-term care employers who currently offer health insurance will be treated under the Governor's proposal.

The experience of other states tell us what would be beneficial to direct-care workers. Low-income workers are more likely to use and access health insurance when cost-sharing is below 5 percent of their income. Also, while we recognize the need to keep the cost of care at manageable levels, we find that direct care workers realistically need a **solid benefit package**, including prescription drugs, disease management/education services, and, given their high rate of on-the job injury, physical and occupational therapy services. So we are very interested in the cost-sharing details and covered benefits to come in the Michigan First Health Plan.

Finally, just as uninsured direct-care workers can be found in every county in Michigan, we would hope that the providers and health plans under the proposed Michigan First Health Plan would be available statewide.

We understand that this is very early in the appropriations process, and like PHI, you are still reviewing the various proposals before you. However, we hope that you will consider this proposal from the Executive and any other proposal to cover the uninsured with the needs of direct-care workers – who are so important to a healthy state – in mind

Thank you again for the opportunity to provide comments this afternoon. We are available to answer questions at this time or you may contact us later at (517) 372-8310 or Hollis@Paraprofessional.org or TBridges@Paraprofessional.org.