



Health Insurance Improves Job Retention

Key Research Findings

- Researchers have found a strong, positive link between health insurance benefits and worker retention
- Some studies indicate that health insurance and other benefits such as paid holidays and vacation may be more important than wages in reducing turnover or increasing the supply of direct-care workers and hours worked

National

1. Duffy (September 2004). *Job Tenure of Frontline Healthcare Workers: Do Health Benefits Reduce Turnover?* Duffy analyzed job tenure among frontline health care workers in 1979 cohort from the National Longitudinal Survey of Youth (NLSY).

Results: *Frontline healthcare workers enrolled in employer health insurance plans have more than twice the tenure of those who do not have employer coverage.*

2. Rodin (2006). *Increasing the supply of certified nursing assistants.* This study examines the effect of wage increases and offers of employer-sponsored insurance (ESI) on the labor supply of CNAs, using CPS-ADS data from 1996 to 2002.

Results: Increasing wages alone may not increase CNA supply; however, increasing ESI offers (alone or in combination with wage increases) could increase CNA supply and hours worked, *suggesting that health insurance may be even more important than wages in increasing supply.*

State and Local Studies

3. Dresser, Lange, and Sirkus (March 1999). *Improving retention of frontline caregivers in Dane County. Wisconsin:* Examined how much was spent on benefits as percent of average CNA wage and how long CNAs had to wait after 1st day of employment to be enrolled.

Results: Among CNAs who waited 1.5 months or longer to be eligible, turnover was higher and retention lower than among those who received benefits soon after initial start date. *Turnover and retention were highly correlated with dollar amount spent on benefits, but were not correlated with actual percentage of wage bill spent on benefits.*

4. Berliner (June 2004). *Home Care Workers Health Insurance Demonstration Project: Final Evaluation.* **New York:** Berliner evaluated a three-year Department of Health demonstration project to address home care worker recruitment and retention.

Results: *New health benefits and substantially increased wages resulted in longer tenure, decreased turnover, and greater job satisfaction.* The supply of workers increased slightly compared to decreasing numbers of workers before the demonstration. The number of people losing health insurance benefits fell by a third while the number of new cases remained flat.

5. Duffy (October 2004). *Keeping Workers Covered: Employer-Provided Health Insurance Benefits in the Developmental Disabilities Field.* **New York:** This study of nonprofit residential agencies contracting with the state to provide services to individuals with mental retardation and developmental disabilities examined whether employer-provided health insurance benefits were related to employee tenure, while controlling for agency characteristics.

Results: *Low rates of employer-provided health insurance coverage were associated with low worker tenure.* Employees at agencies with rates of health insurance enrollment greater than 60 percent had on average almost one additional year of job tenure compared to workers at agencies with enrollment rates less than 50 percent.

6. Zawadski (2005). *Expanding Health Benefit Eligibility: Impacts on the IHSS Workforce.* **Los Angeles County:** This study evaluated the impact of expanded health insurance eligibility on worker retention, turnover, and worker satisfaction.

Results: *Home care workers receiving health benefits have a lower rate of turnover.* Over a three-year period, enrolled workers also had a higher retention rate (56 percent) than eligible unenrolled workers (45 percent).

7. Howes (January 2005). *Living Wages and Retention of Homecare Workers in San Francisco.* **San Francisco County:** Howes examines the impact on workforce retention of a near doubling of wages over 52 months along with the provision of health care benefits for home care workers.

Results: The annual retention rate of new providers rose from 39 percent to 74 percent. A \$1 increase in the wage rate from \$8 an hour (national average wage for home care) can be expected to increase retention by 17 percent; *providing health insurance increased the retention rate by 21 percent.*

8. Howes (2006). *Wages, Benefits and Flexibility Matter: Building a High Quality Home Care Workforce.* **California:** Howes surveyed 2,200 IHSS CA workers to measure turnover and its correlation with wages and benefits.

Results: *Paying decent wages and benefits to DCWs greatly increases the likelihood that workers will enter and stay in the job.* In 1997, when wage rate was equal to the minimum wage, turnover was 61 percent. In 2002, after wages rose to \$10/hr and benefits became available, turnover dropped to 26 percent.

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