POLICY BRIEF NO. 2

HEALTH CARE *for* Health Care Workers

An Initiative of PHI

Expanding Coverage for Caregivers:

A Checklist for State Health Reform

States are taking the lead in expanding coverage to the uninsured. As policymakers expand existing programs and design new ones, it is essential that the needs of direct-care workers—who lack coverage at proportionately higher rates than the general population—are understood and addressed. Successfully expanding coverage to this difficult-to-reach population should be considered as part of any state health reform.

This guide describes the direct-care workforce and the barriers these workers face in obtaining health care coverage. In addition, it provides policymakers with a checklist for making health care reform work for this segment of the uninsured.

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Direct-Care Workers: The Face of the Uninsured

Direct-care workers provide hands-on health care and support services to the elderly and individuals with disabilities and chronic health conditions. They include approximately 2.6 million frontline caregivers who work in nursing homes and in home and community-based settings—nurse's aides, home care workers, personal assistants, and direct support professionals. Despite the critical care that they provide, a significant number lack health insurance. National figures show that one in three workers in home care settings and one in four workers in nursing homes are uninsured. Together, they are uninsured at a rate that is 50 percent higher than the general population under age 65.[1]

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These caregivers are a face of the uninsured in this country. They are predominately women; nearly half are African-American, Hispanic or other people of color, and they average 40 years of age. Though many direct-care workers are parents, a sizeable number do not have children and are, therefore, ineligible for public coverage geared at families. Direct-care workers are the working poor, earning almost $5.00 per hour less than the average wage for all U.S. workers.[2] These workers have high rates of chronic medical conditions, such as diabetes or hypertension—conditions that often go untreated and make it nearly impossible to buy health insurance on their own. And direct-care work has the third highest rate of on-the- job injury.[3]

The demand for caregivers is rising sharply as the baby boomers age. In the decade ahead, the Bureau of Labor Statistics (BLS) predicts a demand for nearly one million new direct-care workers nationwide, most in the

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home care sector. Studies show that health care coverage is essential in order to stabilize the current workforce and attract new workers.[4] By designing health reform that effectively reaches caregivers, state policymakers can reduce the ranks of the uninsured and at the same time strengthen their capacity to meet the rising demand for long-term care services and supports.

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Barriers to Coverage for Caregivers

Barriers exist for workers enrolling in both employer-sponsored insurance (ESI) and public programs. Employers also face barriers to offering insurance. Some of the barriers that direct-care workers and their employers face include:

- **Low wages**—Direct-care workers earn, on average, $18,801[5], which is considerably less than 200 percent of the federal poverty level for a family of three. Low wages make it nearly impossible for workers to afford ESI premiums that averaged $694 annually ($57 per month) in 2007 for individual coverage.[6] Health insurance premiums are rising faster than income, with a 7 percent increase between 2006 and 2007.
- **Family status**—Many direct-care workers who fit the category of "single, childless adults" are ineligible for government health care programs targeted to children and families. Direct-care workers in home care, where the jobs are growing faster, are generally older and often do not have minor children.[7]
- **Part-time work and nontraditional work environments**—While most nursing home aides work full-time, only 34 percent of home care aides maintain full-time schedules.[8] Home care consumers typically do not need or qualify for full-time help. This requires workers who want to work full-time to find more than one client from their primary employer or find a second job. In addition, the number of hours they work often fluctuates as clients' needs change. As part-time workers, home care aides find themselves either unable to afford insurance premiums or excluded from ESI, which is often only offered to full-time staff.
- **Limited reimbursement and the high cost of care**—Long-term care employers rely heavily on public funds from Medicare and Medicaid to run their businesses. While reimbursement rates vary by state and by sector, rates do not include the costs to employers of paying an adequate wage and offering health insurance to their workers. Paying annual premiums of close to $4,000 per employee is difficult for many long-term care employers.[9] This is particularly true of small businesses such as home care agencies, where fewer workers are covered by employer-sponsored insurance than in nursing homes.

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Higher premiums—Insurance companies determine premium rates by age, gender, and occupational risk. High-risk categories include having an older workforce, high turnover rates, and exposure to hazardous working conditions—all of which are common in the long-term care industry. For small employers this disadvantage is compounded, as they are unable to negotiate the same discount group insurance rates offered to large long-term care employers.

Checklist for State Health Care Reform

PHI Health Care for Health Care Workers (HCHCW) has developed a checklist to assess the adequacy of state health care reform efforts. These criteria are based on the ability of these plans to meet the health care needs of direct-care workers, many of whom are not sufficiently covered by either ESI or existing public programs. The criteria should be used both to analyze reforms and to shape the debate regarding health care expansion.

To reach direct-care workers, state health care reform initiatives must be:

- **Accessible** to all individuals regardless of their family, their employment status, or how many hours they work
- **Affordable** for workers and their employers
- **Adequate**, with a full range of benefits and individual services to protect older workers, those with chronic health conditions, and injured workers
- **Simple** and easy to understand and enroll in

HCHCW encourages advocates and policymakers to carefully consider these criteria at the design and implementation stages of state health care reform. This section describes each one in more detail.

1. **Accessible to all individuals regardless of their family status, their employment status, or how many hours they work**

Consider the following questions to determine whether a state's health reform plan addresses barriers that direct-care workers face in receiving necessary coverage:

- Will the majority of direct-care workers fall within the income eligibility limits? [10]
- Are individuals who are not parents of minor children eligible for coverage?
- Do requirements designed to maintain the primacy of ESI exempt those who are offered ESI but can't afford it?
- If the reform is designed to expand access to ESI, are part-time workers or those with more than one employer eligible for coverage?

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Health care reform efforts should minimize, rather than reinforce, the barriers that direct-care workers face in obtaining coverage.

2. Affordable for workers and their employers

The high cost of premiums and co-payments is the most frequently cited obstacle to direct-care workers participating in employer-sponsored plans.

Several approaches have been developed to determine what type of coverage is affordable for individuals. The "5 percent rule"—that premiums should not exceed 5 percent of income—is an accepted measure for determining affordability of public programs.

Determining affordability for ESI has been more challenging, but recent research provides some direction. A report by the Kaiser Family Foundation showed that when an employee has to pay 20 percent or more of the premium, participation in ESI drops considerably.[11]

Medicaid reimbursement rates do not include the costs to employers of paying an adequate wage or offering health insurance to their workers.

Not wanting to undermine ESI, policymakers are sometimes excluding employees who are offered ESI from participating in public expansion programs. These policies are put in place because of the fear that people will drop ESI and switch to public coverage. However, many direct-care workers, along with other low-wage workers, cannot afford to purchase the coverage offered by their employers. It is important that policies to minimize "crowd-out" also set guidelines to determine whether available ESI insurance is affordable. Without such guidelines, eligibility policies can be punitive and leave workers in a catch-22 situation.[12]

The new Massachusetts Commonwealth Care Program recognized the importance of establishing affordability guidelines. Under the new program, individuals with access to ESI that is deemed unaffordable are technically eligible for one of the state's subsidized insurance options or to file for a waiver of the individual mandate.[13]

In developing their affordability standard, Massachusetts looked at what people pay for ESI across income levels (100 to 500 percent of poverty) as a percentage of income.[14] From that analysis, planners determined if an ESI premium is greater than 2.1 percent of income for people at 200 percent of poverty or 4.1 percent of income for people at 300 percent of poverty, then it is unaffordable.

Co-payments and deductibles also affect affordability. Co-payments beyond $10 for office and specialty visits are unaffordable for low-wage workers. Deductibles for these workers need to be kept to an absolute minimum as well, not only because of cost but also to avoid discouraging people from seeking preventive care and managing their illnesses.

Affordability for employers, particularly small businesses, is also critical for making coverage affordable for direct-care workers. The way health insurance is structured in many states—enrollment requirements, "experience rating" to determine premiums and "high-risk" designations for health care workers—often makes health insurance exceedingly expensive for small businesses.

In looking to cover the uninsured, state health care planners need to consider affordability—of both public

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Co-payments beyond $10 for office and specialty visits are unaffordable for low-wage workers.

programs and ESI. Existing programs in several states show how reform efforts can address this important issue for both employers and workers.[15] For example in Wisconsin, the Health Insurance Premium Payment (HIPP) program will pay the employee premium for ESI if it is determined to be more cost-effective than enrolling the individual or family in BadgerCare. HealthyNY is a reinsurance program that subsidizes comprehensive health insurance coverage for small businesses and individuals.

In assessing whether health care plans are affordable to direct-care workers and long-term care employers, policymakers should consider the following:

- Are the premiums and co-payments less than 5 percent of income?
- Does the plan have low ($10 or less) co-payments for health care services?
- Does the plan have minimal (or no) deductibles?
- Are premium subsidies available to help individuals enroll in ESI?
- If employers are required to offer ESI, what incentives or exemptions are in place for small businesses to make it more affordable?

3. Adequate, with a full range of benefits and services to protect older workers, those with chronic health conditions, and injured workers

The benefit packages of state health reform proposals and plans vary considerably. For example, Utah (Primary Care Network) and Indiana (Healthy Indiana Plan) have programs that offer minimal benefits—four prescriptions per month, no inpatient or outpatient hospital services—along with out-of-pocket costs that can be challenging for low-wage workers.[16, 17] In contrast, recent reforms in Vermont (Catamount Health) and Massachusetts (Commonwealth Care) have comprehensive benefits—including hospitalization and chronic disease management—with limited deductibles and co-payments.[18, 19]

Given the decline in ESI and pressure to cover a growing number of uninsured, states clearly have to balance resources with benefits. However, we believe that policymakers can successfully achieve this balance while crafting benefit packages that meet the health care needs of direct-care workers.

Coverage should consider the needs of those with chronic conditions or unexpected, high-cost acute care needs.

An adequate benefit package for direct-care workers includes preventive and primary care, disease management, inpatient hospitalizations, physical and occupational therapy, behavioral health, prescription drug coverage, and dental care. These services must be accessible and affordable, without a higher co-payment or a deductible applied to specialty services. In addition, any annual cap on services should be set at a level that considers the needs of those with chronic conditions or unexpected, high-cost acute care needs, so they will not be financially penalized or burdened for receiving medically necessary care.

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Efforts must be made to ensure outreach and marketing to target populations that are likely to be eligible for coverage.

The following questions should be considered in determining whether the health care benefit package is adequate for direct-care workers:

- Is the insurance package comprehensive, providing a full range of services and benefits without annual limits?
- In addition to basic preventive services, does it include prescription drugs, mental health, and dental health services?
- Does the plan include disease management and physical and occupational therapy services?

4. Simple and easy to understand and enroll in

Some reform efforts are designed to enhance or subsidize employer-based insurance; other policies expand public coverage for income-eligible individuals. Regardless of how individuals access coverage, concentrated efforts must be made to ensure outreach and marketing to target populations that are likely to be eligible for coverage. Direct-care workers employed outside of nursing homes often work independently in people's homes or in small group home settings. These decentralized work environments can make it more difficult to inform these workers about coverage options and to assist them in enrolling.[20, 21]

Considerable effort must be made to make the coverage understandable and the enrollment process accessible to people who have limited experience with health insurance and for whom English is a second language. Reasons states have failed in this area include:

a) they have not provided sufficient resources for outreach;

b) they have relied on health insurance companies to conduct the outreach; and

c) they have had complex enrollment procedures that discourage applicants.[22]

The following should be considered in the design of health reform efforts to make sure enrollment procedures are understandable and accessible to direct-care workers:

- Is the marketing and outreach strategy the responsibility of or closely monitored by the state agency responsible for administering the health care reform?
- Will specific outreach efforts target direct-care workers?
- Is information provided in a concise and streamlined manner?
- Is information available in appropriate languages?
- Will information be provided in a non-written format?
- Are enrollment forms short and easy to fill out and available both on-line and by mail?

Considerable effort must be made to make the coverage understandable and the enrollment process accessible to people who have limited experience with health insurance and for whom English is a second language.

References:

1 PHI (Forthcoming December 2007). *The Invisible Care Gap: Caregivers without Health Coverage*

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About the campaign

Health Care for Health Care Workers, an initiative of PHI (**www.PHInational.org**), seeks to expand health coverage for workers who provide support and assistance to elders and people living with chronic conditions and/or disabilities. These consumers need a skilled, reliable, and stable direct-care workforce to provide quality long-term care services. We believe that one way to ensure a quality direct-care workforce is to provide quality direct-care jobs—jobs that offer health coverage and pay a living wage.

For more information: www.coverageiscritical.org

Expanding Coverage for Caregivers: A Checklist for State Health Reform

This checklist for health care reform is intended to help advocates and policymakers design state health reform policies that will meet the needs of the direct-care workforce. State health care coverage programs that are *accessible*, *affordable*, *adequate* (i.e., provide a full range of benefits) and *simple* and easy to understand and enroll in will be most successful in expanding coverage to paid caregivers.

The barriers to coverage that caregivers face are shared by other low-wage workers, including the child care workforce, domestic workers and those who work in restaurants or retail. Designing health reform that works for caregivers will have the broader value of assisting states in meeting the needs of other low-wage and difficult-to-insure populations, thereby reducing the ranks of the uninsured.

Criteria	✓ if YES
***Accessible* to all individuals regardless of their family status, their employment status, or how many hours they work.**	
✓ Will the majority of direct-care workers fall within the income eligibility limits?	
✓ Are individuals who are not parents of minor children eligible for coverage?	
✓ Do requirements that are intended to maintain employer-sponsored insurance (ESI) exempt those who are offered ESI but cannot afford it?	
✓ If the reform is designed to expand access to ESI, are part-time workers or those with more than one employer eligible for coverage?	
***Affordable* for workers and their employers.**	
✓ Are the premiums and co-payments less than 5 percent of family income?	
✓ Does the plan have low ($10 or less) co-payments for health care services?	
✓ Does the plan have minimal (or no) deductibles?	
✓ Are premium subsidies available to help individuals enroll in ESI?	
✓ If employers are required to offer ESI, what incentives or exemptions are in place for small business to make it more affordable?	

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Criteria	✓ if YES
***Adequate*, with a full range of benefits and services to protect older workers, those with chronic health conditions, and injured workers.**	
✓ Is the insurance package comprehensive, providing a full range of services and benefits without annual limits?	
✓ In addition to basic preventive services, does it include prescription drugs, mental health, and dental services?	
✓ Does the plan include disease management for chronic illnesses and physical and occupational therapy services?	
***Simple*, easy to understand and enroll in.**	
✓ Is the marketing and outreach strategy the responsibility of or closely monitored by the state agency responsible for administering the health care reform?	
✓ Will specific outreach efforts target direct-care workers?	
✓ Is information provided in a concise and streamlined manner?	
✓ Is information available in appropriate languages?	
✓ Will information be shared in a non-written format?	
✓ Are enrollment forms short and easy to fill out and available both on-line and by mail?	

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An Initiative of PHI

Quality Care through Quality Jobs
www.phi-qcqj.org

PHI (**www.PHInational.org**) works to improve the lives of people who need home and residential care —and the lives of the workers who provide that care. Using our workplace and policy expertise, we help consumers, workers and employers improve long-term care by creating quality direct-care jobs. Our goal is to ensure caring, stable relationships between consumers and workers, so that both may live with dignity, respect, and independence.

www.coverage is critical.org

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