# Health Insurance Coverage of New York State's Home Care Aides:

## *Findings from a 2008 Survey of Home Care Agencies Outside of New York City*


*A Report from:*

PHI Health Care for Health Care Workers

*In Collaboration with:*

The Center for Health Workforce Studies
School of Public Health, University at Albany
State University of New York



April 2009


HEALTH CARE *for* Health Care Workers
An Initiative of PHI

**www.coverageiscritical.org**

# PHI and the Health Care for Health Care Workers Initiative

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, employers, and policymakers improve eldercare/disability services 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.

Health Care for Health Care Workers (**www.coverageiscritical.org**), an initiative of PHI, 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 eldercare/disability 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.

PHI received a grant from the New York State Health Foundation to undertake the first comprehensive study of the home care workforce in New York. The study documents the health insurance crisis faced by home care workers and employers in New York State, and provides a road map for policymakers to ensure continuity of coverage and expanded coverage for more than 130,000 home care workers.

To complete this work, PHI collaborated with the Center for Health Workforce Studies in drafting and completing the Employer Survey and Employer Focus Groups that form the basis of this report.

The mission of the New York State Health Foundation (NYSHealth) is to expand health insurance coverage, increase access to high-quality health care services, and improve public and community health. The views presented here are those of the authors, and not necessarily those of NYSHealth or its directors, officers, or staff.

The Center for Health Workforce Studies (CHWS) is a not-for-profit research center operating under the auspices of the School of Public Health at the University at Albany, State University of New York, and Health Research, Incorporated (HRI). Its mission is to support and promote health workforce planning and policymaking at the local, state, and national level. The ideas expressed in this report are those of the Center for Health Workforce Studies and do not necessarily represent views or positions of the School of Public Health, the University at Albany, State University of New York, or HRI.

# Health Insurance Coverage of New York State's Home Care Aides:

*Findings from a 2008 Survey of Home Care Agencies Outside of New York City*

## Table of Contents

# Acknowledgements

PHI is grateful to the New York State Health Foundation for believing in the importance of this effort. This is the first time that a study of this kind has been undertaken in New York. We believe it enables policymakers to gain a mutual understanding of the composition of this workforce, options for insuring these workers, and most importantly, why insurance coverage is important to them and their clients. New York is unique, having enacted a series of initiatives to improve the recruitment and retention of the healthcare workforce including the Home Care Health Insurance Demonstration and add-ons to the Medicaid rates to improve recruitment and retention. Despite these initiatives, little was known as to how these programs had affected coverage, particularly outside of the metropolitan New York City region. Upstate there is less unionization of this workforce and, in many cases, no single entity to create the scale necessary for affordable and accessible coverage.

PHI wishes to acknowledge the leadership of the Center for Health Workforce Studies, its director, Jean M. Moore, and Paul Wing and Sandra McGinnis who were assigned to this work and provided the survey and report. PHI also thanks the Home Care Association of New York State and the Healthcare Association of New York State for their support and endorsement of the work. We also appreciate the time and assistance we received from several employers who volunteered to participate in the employer focus groups and to coordinate the employee focus groups. They are not named here as we promised all parties anonymity. Their support enabled us to verify our survey findings and deepen our knowledge of the challenges they were facing.

# Executive Summary

New York State's home care workers, who each day serve our health care system, too often lack access to affordable, quality health insurance coverage. At the same time, employers find it challenging to recruit and retain enough workers to meet the increasing demand for services. While lack of adequate, affordable health insurance for home care workers and their families is known to contribute to workforce instability and vacancies, accurate and timely data on the availability of health insurance is simply not available to guide New York policymakers.

There are numerous reasons for policymakers to make this a priority. Direct-care workers comprise the largest group of workers in the state's health sector and their numbers are expected to continue to grow. In addition, these workers are employed by agencies that are heavily dependent on public funds to provide services; i.e., these workers could be described as subcontracted "public employees." In addition, direct-care workers face high rates of chronic health conditions and workplace injuries. This situation, in concert with low rates of insurance coverage, contributes to high rates of turnover, which undermines the quality of services for consumers.

This study was conducted to help policymakers understand the extent to which home care agencies in ***upstate New York and Long Island*** offer health insurance to their direct-care workers, the eligibility requirements and enrollment rates for health insurance, the type of health insurance offerings available to this workforce, and the cost to both employers and employees. Study methodologies include an employer survey, supplemented by employer and direct-care worker focus groups.

Of the 90 agencies participating in this survey, 16 employed no aides. The other 73 employed approximately 13,000 aides. Among these, nearly 10,000 aides were employed by agencies offering health insurance, though only a third of these (just 3,200) were actually enrolled in the employer-sponsored coverage.

Despite an unexpectedly high percentage of participating agencies reporting that they offer health insurance to their home care aides (possibly reflecting a response bias), many home care aides remain uninsured. The primary contributors to low enrollment among agencies offering health insurance appear to be eligibility requirements that disqualify a high percentage of the home care aide workforce and the high cost of health insurance premiums, which are not fully covered by employers.

The health insurance picture that emerges for home care aides working for the agencies participating in this study is bleak:

- 25 percent work for agencies that do not offer health insurance to their home care aides;
- 29 percent work for employers that offer coverage but are ineligible for that coverage;
- 21 percent work for employers offering coverage for which they are eligible but are not enrolled; and
- 25 percent of the aides are enrolled.

## Key Findings

### Availability:

- 79 percent of survey respondents reported that they offered health insurance to their aides.
- 84 percent of not-for-profit providers offered coverage, compared to 71 percent of for-profits.
- Most agencies (93 percent) offered individual coverage, and almost as many (87 percent) offered family plans. Just over half offered individual + spouse plans (56 percent) or individual + child plans (51 percent).

### Eligibility and Enrollment:

- Over one-third (35 percent) of respondents reported that all of their aides were eligible for insurance, while 7 percent reported that none of their aides were currently eligible.
- Certified Home Health Agencies (CHHAs) had an average eligibility rate of 84 percent, compared to 64 percent of aides eligible in consumer-directed agencies and 47 percent in Licensed Home Care Services Agencies (LHCSAs).*
- The number of hours aides were required to work to be eligible for insurance varied substantially by agency, with a mean hourly requirement of 26.1 hours per week.
- The average enrollment of eligible workers among respondents was 53 percent, although average enrollment among LHCSAs was only 40 percent.
- Of agencies responding, 8 percent reported that no eligible aides were enrolled, while another 14 percent reported that fewer than one in ten eligible aides were enrolled.
- Overall, only 33 percent of aides employed in agencies that offered coverage were enrolled in their employers' health insurance plan.

### Premium Costs:

- The percent of premium costs paid by the employers varied, with CHHAs covering the highest percentage of their aides' health premiums (69 percent on average), while LHCSAs averaged 50 percent and consumer-directed agencies only covered 35 percent.
- A significant number of agencies—17 percent—reported they did not cover any of their aides' health premiums.
- Agencies offering health insurance as part of a union contract covered more of the cost of premiums (69 percent on average) than agencies that did not offer insurance under union contract (51 percent on average).
- The survey found a significant and positive correlation between enrollment rates among eligible aides and the percentage of premium costs covered by the agency. For every 1 percent increase in covered costs, enrollment rates increased by an estimated 0.61 percent.

The employer and employee focus groups confirmed the survey findings. Employers who offered coverage struggled with escalating premium costs and several have had to take steps to either modify plans or pass on the costs to their workers. The quality of employer-sponsored plans varied but workers valued the coverage. Workers complained about the co-pays for prescription drugs, and in some cases, about the cost of prescriptions that their plans did not cover.

*The eligibility rate in CHHAs is affected by the number of public CHHAs among the survey respondents. These agencies directly employ a number of aides who are covered under the benefit package negotiated on behalf of public employees.

## Conclusion

The findings from this study identify several barriers to insuring the home care workforce. The data indicate that lack of access to employer-sponsored insurance results both from coverage not being offered and from strict eligibility criteria, such as long waiting periods and minimum weekly work hours. Finally, the cost of coverage remains a major barrier to home care aides enrolling in health plans.

The data from this study reveals that if every home care agency offered a health insurance plan, only about 33 percent of home care aides would be enrolled given current rates of eligibility and enrollment. If every agency offered insurance and every aide who worked for that agency were eligible for insurance, only about 54 percent would choose to enroll given current premium costs. Yet, if every agency offered insurance and every aide were eligible for insurance ***and 90 percent or more of the health premiums for those aides were covered by the agency***, as many as 83 percent of aides would be enrolled.

For more information about this report and PHI's recommendations regarding health coverage for New York's home care workers, please e-mail New York Policy Director Carol Rodat at **crodat@PHInational.org**.

# Introduction

## Research Questions

Home care workers provide essential support for hundreds of thousands of New York residents who are elderly or living with disabilities or chronic conditions. Yet the poor quality of direct-care jobs—characterized by low wages, inadequate benefits, sporadic schedules, limited support, and few opportunities for career advancement—results in high turnover and compromises the quality of care received by home care consumers.

Though demand for home care services is rising, agencies are being squeezed by increasing costs and decreasing public revenues. Always a high turnover industry, financial distress has made recruitment and retention of aides even more difficult. Although research has found that the lack of adequate, affordable health insurance for home care workers and their families is a major factor contributing to staffing problems,[1] accurate and timely data on the availability and affordability of health insurance has simply not been available to guide policymakers in the identification of state-specific solutions.

For this reason, PHI (formerly the Paraprofessional Healthcare Institute), contracted with the Center for Health Workforce Studies at the State University of New York at Albany (the Center), to design and conduct a survey to help understand:

- The extent to which home care agencies in upstate New York and Long Island offer health insurance to their direct-care workers
- The eligibility requirements and enrollment rates for health insurance
- The type of health insurance offered to this workforce

The survey targeted employers and therefore did not yield data on individual employees' insurance status. It was limited to upstate New York and Long Island as coverage data related to the workforce in New York City was gathered separately from the SEIU/1199 benefit funds.[2]

The survey results and findings were amplified by employer and employee focus groups referred to throughout this report. This study and the reported findings comprise Phase I of PHI's project "Expanding Affordable Coverage to New York State's Home Care Workers," which is supported by a grant from the New York State Health Foundation. Phase II of this project, provides a set of guidelines for expanding health insurance coverage for New York's entire home care workforce. (See *Is New York Prepared to Care? A Comprehensive Coverage Solution for Home Care Workers*, **www.coverageiscritical.org**).

***We offered a higher wage ($1 per hour) with no benefit option, and only about 10 percent of workers signed up for it.***

**–Licensed Agency, Rochester**

## The Organization of Home Care in New York

Home care services in New York are delivered by a variety of agencies and programs. Certified home health agencies (CHHAs) provide professional (e.g., nursing, therapies) and paraprofessional (e.g., home health aide) services and can bill Medicare

and Medicaid directly. Home health aides are required to have received a minimum of 75 hours of training and may provide limited health-related services such as taking vital signs or assisting with range of motion exercises in addition to assisting patients with activities of daily living (e.g., dressing, meal preparation). CHHAs arrange for home health aide services either by employing the aides directly or subcontracting with agencies that are known as licensed home care services agencies (LHCSAs). CHHAs and LHCSAs negotiate a rate for services by contract. It is primarily CHHAs in upstate New York, particularly those that are operated by the county public health agency, that employ aides directly. In addition, many CHHAs operate their own LHCSAs.

***We offer no benefits, because we can't afford it. We do offer some reimbursement for transportation. Higher wages would be more attractive than more benefits. We got a waiver for the living wage, because we would have had to go out of business.***

**–Licensed Agency, Long Island**

LHCSAs also employ personal care aides who receive a minimum of 40 hours of training and assist patients/clients with activities of daily living. Counties and other providers of long-term care services such as CHHAs contract with LHCSAs for personal care services.

New York City's home care aide workforce is divided into two segments:

1) Approximately 80,000 home health aides who are employed by LHCSAs that contract with CHHAs and others; and
2) Approximately 47,000 home attendants, who are known as "personal care aides" elsewhere in the state, and are employed by LHCSAs that contract with the City's personal care program.

The home attendant sector has been unionized by Local 1199 of the Service Employees International Union (SEIU) for over 20 years under collective-bargaining agreements with 67 agencies under contract with the New York City Human Resources Administration. New York City has a living wage ordinance that governs the wages and benefits of this workforce. The home attendants receive health insurance coverage through the SEIU/1199 National Benefit Fund. Beginning in 2008, the home attendant health insurance is provided under the Family Health Plus Buy-In, which replaced the state's Home Care Workers Health Insurance Demonstration.

Home health aides in New York City have only been unionized within the last decade. The living wage law does not apply to this group of workers because they do not work directly under a New York City government contract, even though they are paid through Medicaid.

Health insurance coverage for the home attendants and the home health aides in New York City is addressed in the *Is New York Prepared to Care?*, a companion report to this survey. The report offers recommendations to improve coverage for the home care workforce throughout the state of New York.

# Data and Methods

## Survey

The Center staff started with a list of 788 New York home health agencies certified or licensed by the New York State Department of Health as of fall 2007. This list included certified home health agencies (CHHAs), licensed home care services agencies (LHCSAs), and agencies and fiscal intermediaries connecting consumers to personal assistants under the Medicaid Consumer Directed Personal Assistance Program. We did not survey Long-Term Home Health Care Programs or Medicaid Managed Long-Term Care Plans as they predominantly subcontract aide services from LHCSAs, which were surveyed.

***I would like to know how agencies can offer health insurance? It doesn't seem possible to me.***

**–Licensed Agency, Westchester**

To winnow the list down to the desired target audience of home health agencies outside New York City, Center staff eliminated any agency with a mailing address in one of the five City boroughs. Staff also eliminated any duplicate listings containing both the same agency name and the same address. The final list of agencies to which the survey questionnaire was sent contained 517 names.[3]

Because the agency list used by the Center did not contain the name of the agency director, the surveys and cover letters were sent to "Director." This helped to guarantee the anonymity of the respondents, but it also resulted in a lower response rate than would have been expected had a personalized letter accompanied the survey.

The survey was designed as a fax-back process, although a few respondents mailed the completed questionnaires back to the Center. The single mailing of the questionnaire, which included a cover letter from the Center and a one-page information sheet about the study prepared by PHI, yielded 90 completed survey responses. It also resulted in 9 returns by the US Postal Service for bad addresses of one sort or another. The overall survey response rate was 17.8 percent.

Although the response rate was low, no evidence suggested that agencies that do not offer health insurance avoided responding. An analysis of 2007 Current Population Survey March Supplement data[4] showed that approximately 25 percent of home health aides and home care aides working in home health agencies nationwide were insured through their employer, which is almost identical to the findings of the survey in New York State.

## Focus Groups

PHI held two sets of focus groups to obtain a better sense of individual agency and worker experience with coverage. The Center held the employer focus groups, and PHI staff held the employee focus groups. In order to identify home health agency directors willing to participate in a focus group to gather more detailed information and insights about health insurance offerings, a separate "sign-up sheet" was included in the survey packet. Of respondents, 28 completed and returned this sheet, indicating their interest in participating in a focus group.

Center staff attempted to contact all volunteers except three who were located in New York City, and were successful in reaching 17 of the people, 15 of whom agreed to participate in one of two different sessions, eight in one session and seven in the other. Ultimately, one person in each group withdrew because of last minute conflicts.

The script for the focus group was designed by the Center in collaboration with PHI. The volunteers were provided a description of the project and a copy of the script prior to their participation in the focus group. Focus groups were scheduled for one hour each, and were not recorded, although the facilitator and additional staff took detailed notes.

Topics covered in the focus group conversations included:

- Business context
- Employees (number, demographics)
- Health Insurance (provision of, eligibility for, type of coverage, costs and cost-sharing, enrollment rates, barriers, importance)
- Family Health Plus Buy-in (knowledge of)

PHI arranged two employee focus groups: one on Long Island and one in the Capital District region of Albany. Employers asked for volunteers among their aides. The aides were paid their hourly rate for their participation. The script for the employee focus group was developed by PHI and took no more than one hour to complete. Focus groups were recorded.

Topics covered in the focus group conversations included: health insurance status, eligibility, accessibility, outreach and awareness, quality of coverage, relationship of health insurance coverage to retention, obstacles to obtaining medical care, priorities (what's most important in a plan), and health plan features.

# Findings

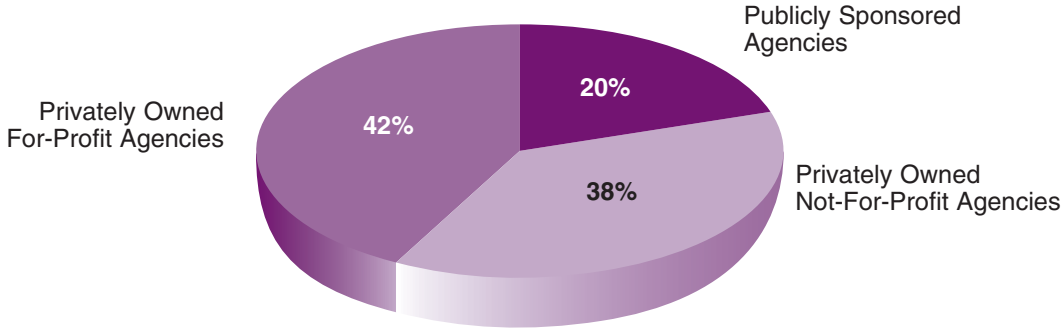
## Characteristics of Agencies Responding to the Survey

### Type and Geographic Distribution

Of the 90 responding agencies, 67 (74 percent) reported that they were licensed home care services agencies (LHCSAs), 29 (32 percent) reported that they were certified home health agencies (CHHAs), 5 (6 percent) reported that they provided consumer-directed care, and one agency reported that it was a hospice agency as well. (This sums to greater than 100 percent because some agencies reported multiple designations.)[5]

**Figure 1**

***Governance of Participating Agencies***



Governance of participating agencies also varied. Of those responding to the survey, 20 percent were publicly sponsored, 38 percent were privately owned not-for-profit agencies, and 42 percent were privately owned for-profit agencies.

The agencies were well distributed geographically as shown in Table 1:

**Table 1**

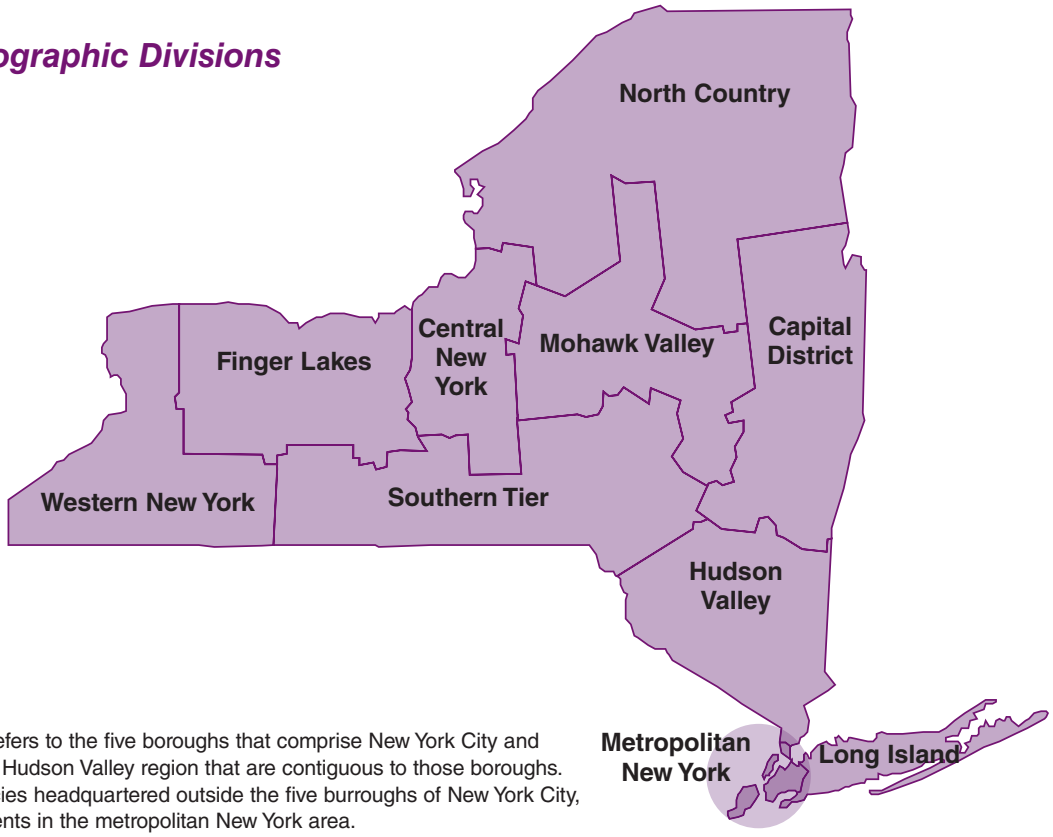
***Geographic Distribution of Participating Agencies***

| Area | Number of Agencies | Percent of Agencies |
|---|---|---|
| Capital District | 12 | 14% |
| Central New York | 8 | 9% |
| Finger Lakes | 8 | 9% |
| Hudson Valley | 23 | 27% |
| Long Island | 15 | 17% |
| Mohawk Valley | 8 | 9% |
| Metropolitan New York | 13 | 15% |
| North Country | 6 | 7% |
| Southern Tier | 15 | 17% |
| Western New York | 12 | 14% |

NOTE: The total is greater than 100 percent because many agencies operated in multiple regions.

**Figure 2**

***New York State Geographic Divisions***




NOTE: Metropolitan New York refers to the five boroughs that comprise New York City and portions of the Long Island and Hudson Valley region that are contiguous to those boroughs. The survey included only agencies headquartered outside the five burroughs of New York City, but several agencies served clients in the metropolitan New York area.

Looking at the distribution of agency types and governance structures by region, the survey found:

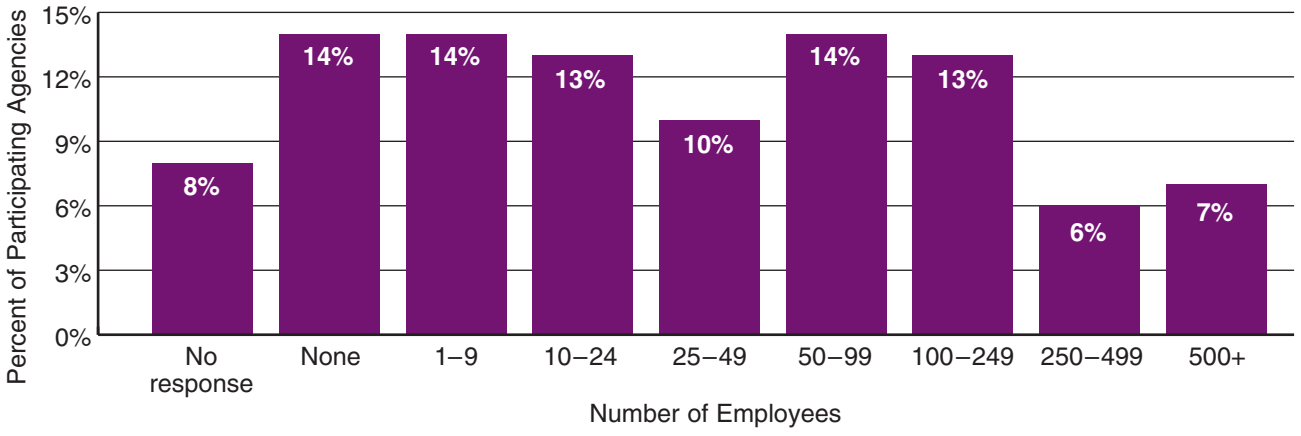
- Only half of the agencies in the North Country were LHCSAs, compared to 76 percent (64) of all other agencies in other regions.
- Only 8 percent of the agencies serving metropolitan New York and 17 percent of those serving the Hudson Valley were CHHAs, compared to 25 to 50 percent of the agencies in other regions.
- None of the agencies serving metropolitan New York, 7 percent of those serving Long Island, and 8 percent of those serving Western New York were public agencies. In contrast, 50 percent of those serving the North Country were public agencies. For most regions, public agencies average 13 to 25 percent of the total.
- In the North Country, 67 percent of agencies were unionized, as were 40 percent of the agencies in the Capital District. In contrast, only 9 percent of the agencies in the Southern Tier and none of the agencies in Western New York were unionized. For most regions, unionized agencies averaged 14 to 38 percent of the total.
- Of the respondents, 29 percent reported that their agencies operated in a living wage county,[6] while 52 percent said they did not; 19 percent did not answer.

### Number of Direct-Care Employees

Of the agencies reporting, 14 percent said that they did not employ aides, while another 8 percent did not say how many aides they employed. The number of aides employed ranged as high as 2,600, with a median of 60. A total of approximately 13,000 aides were employed by the agencies reporting. ***From this point on in the report, statistics are based on those 73 agencies that indicated that they employ aides.***

**Figure 3**

***Number of Aides Employed by Participating Agencies***




The largest agencies were operating in metropolitan New York (median employment 125 aides), the Hudson Valley (99.5 aides), Long Island (77.5 aides) and Western New York (75 aides). The smallest agencies were in the North Country (26 aides) and Central New York (36 aides).

**Table 2**

***Median Number of Aides Employed Per Participating Agency, by Region***

| Area | Number of Aides | Area | Number of Aides |
|---|---|---|---|
| Metropolitan New York | 125 | Mohawk Valley | 45 |
| Hudson Valley | 99.5 | Finger Lakes | 44 |
| Long Island | 77.5 | Southern Tier | 43.5 |
| Western New York | 75 | Central New York | 36 |
| Capital District | 46 | North Country | 26 |

## Access to Coverage

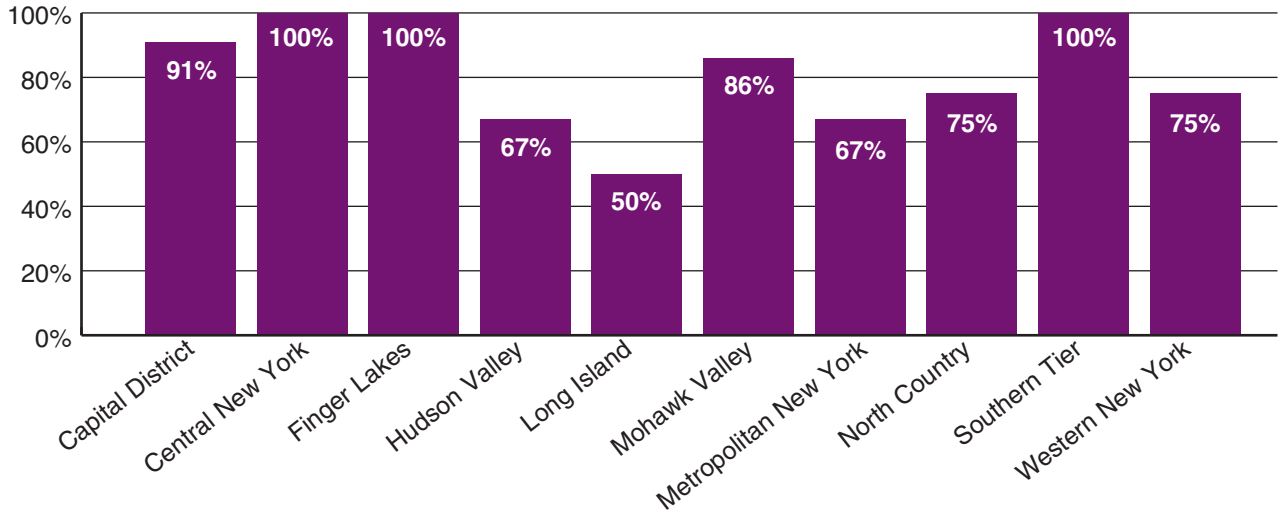
### Coverage Availability

Fully 79 percent of the agencies participating in the survey reported that they offered health insurance to their aides. The percentage of employers offering insurance varied by type of agency, with all of the responding consumer-directed agencies and CHHAs offering coverage and 75 percent of the LHCSAs. CHHAs are more likely to offer coverage due to their larger size, governance structure, and their ability to bill payers directly. There was also variation by governance structure, with all public agencies, 84 percent of not-for-profit agencies, and 71 percent of for-profit agencies offering coverage to their home care aides.

All unionized agencies offered coverage—a total of 29 percent of those offering coverage. Notably, among CHHAs, 59 percent offered coverage through a union contract. All public agencies offered coverage through their union contracts. Unionization of responding agencies, however, varied: only 24 percent of the not-for-profit agencies that offered health insurance were unionized, and none of the for-profit agencies that offered health insurance were unionized.

**Figure 4**

***Percent of Participating Agencies Offering Health Insurance, by Region***[7]



The regions in which agencies were most likely to offer health insurance were Central New York, the Finger Lakes, and the Southern Tier (100 percent of respondents in all three of these regions). Agencies that were least likely to offer insurance were on Long Island (50 percent) and in metropolitan New York and the Hudson Valley (both 67 percent). Agencies operating in living wage counties were less likely to offer health insurance than those not operating in living wage counties (70 percent versus 82 percent).

### Eligibility Requirements

Eligibility requirements for coverage vary substantially by agency. Eligibility for coverage in home care agencies is usually based on the length of time a person has been employed (e.g., the first day of the month following hire) as well as a certain number of hours worked over a specific period of time (e.g., 40 hours for two consecutive months). Because the amount of home care authorized by local social service districts varies and aides can lose their hours when their patient is no longer at home (for example, during hospitalization), minimum hour requirements often limit coverage eligibility. According to focus group participants, about half of the home care workforce works only part time.

Agencies responding to the survey reported a wide range of minimum weekly hour eligibility requirements:

- No minimum—7 percent of agencies
- More than 10 but fewer than 20 hours—7 percent
- 20 hours—29 percent
- More than 20 but fewer than 30 hours—11 percent
- 30 hours—13 percent
- More than 30 but fewer than 35 hours—11 percent
- 35 hours—13 percent
- More than 35 hours—9 percent

The mean requirement for hours per week was 26.1. Focus groups confirmed this finding, with employers reporting average minimums of 25 to 35 hours per week.

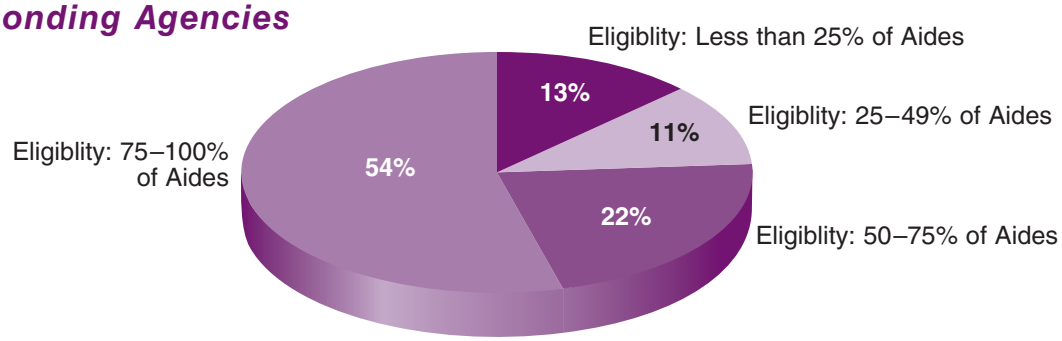
Eligibility by weeks of service varied similarly. While 26 percent of agencies either did not indicate a minimum period of service or indicated zero, 7 percent indicated six months to one year. The median was 9.8 weeks, with three months (12 or 13 weeks) being the most common response (35 percent of agencies). Minimum length of service requirements did not seem to correspond to type of agency or governance structure. In this case, unionized agencies did not differ substantially from non-unionized agencies.

### Eligibility Rates

Of agencies offering coverage, a little over one-third (35 percent ) reported that all of their aides were eligible for insurance, while 7 percent reported than none of their aides were currently eligible. The average eligibility was 69 percent of an agency's aides. Figure 5 shows the distribution of eligibility rates among agencies that employ aides and offer insurance coverage. The majority of these agencies (54 percent) report that between 75 percent and 100 percent of their aides are eligible for their insurance program.

**Figure 5**

***Distribution of Eligibility Rates for Home Care Aides among Responding Agencies***




NOTE: Data only includes agencies that employ aides and offer health insurance coverage to their aides.

Average eligibility rates varied considerably by type of agency and governance structures:

- CHHAs—84 percent[8]
- Consumer-directed agencies—64 percent
- LHCSAs—47 percent
- Public agencies—81 percent
- Not-for-profit agencies—63 percent
- For-profit agencies—38 percent[9]

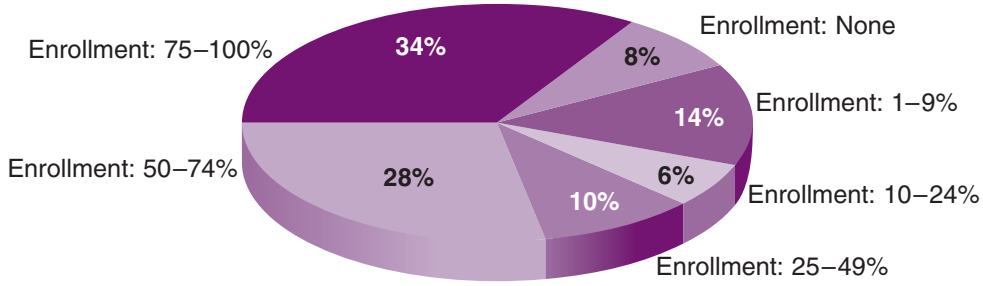
In focus groups, LHCSAs reported that providing insurance for their paraprofessional employees was financially challenging due to low reimbursement rates. Notably, the survey confirmed that fewer LHCSAs offer coverage—and when they do—eligibility requirements reduce participation.

## Enrollment in Employer Insurance Plans

The average enrollment rate of eligible workers among agencies participating in the survey was 53 percent (although only 40 percent among LHCSAs). Among survey respondents, however, 8 percent of the agencies reported that no eligible aides were enrolled,[10] while another 14 percent reported enrollment of less than one in ten eligible aides. More than one-third of agencies (34 percent) reported that at least three-quarters of their eligible aides were enrolled.

**Figure 6**

***Distribution of Enrollment Rates for Eligible Home Care Aides among Responding Agencies***

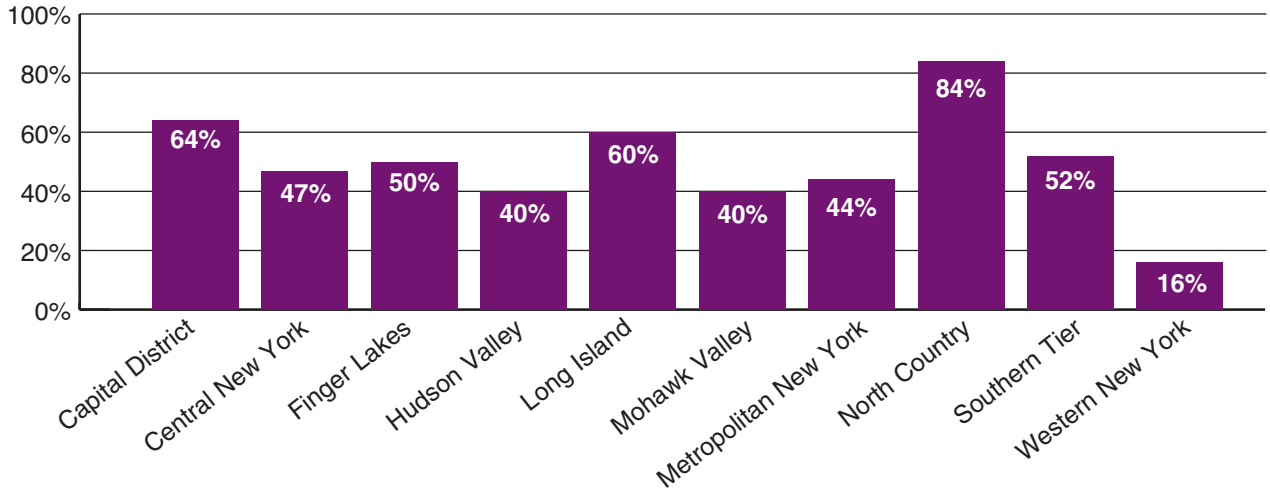


Again, enrollment rates vary by type of agency and governance structure. The average enrollment rate for CHHAs was 75 percent, compared to 39 percent among LHCSAs and 24 percent among consumer-directed agencies. The average enrollment rate for public agencies was 92 percent, compared to 52 percent among not-for-profits and 29 percent among for-profits.[11]

Those taking advantage of coverage offered were most likely to be employed by agencies operating in the North Country (an agency average of 84 percent), and least likely to be employed in agencies operating in Western New York (16 percent). Some of the regional variation may be related to differences in agency types and governance structures between regions (for example, some regions have more public agencies, while others have more for-profit LHCSAs).

**Figure 7**

***Average Enrollment Rates for Eligible Home Care Aides, by Region***




Overall, when accounting for variation in eligibility and enrollment rates between agencies, ***the average of enrolled aides as a percent of all employed aides (not just as a percent of eligible aides) in an agency that offered insurance was only 37 percent.*** This varied by region, with agencies operating in the North Country having almost half of their aides enrolled in their insurance plans (49 percent), but agencies operating in Western New York having only 5 percent of their aides enrolled.

## Types of Coverage and Premium Costs

### Health Plans

The types of health plans agencies offered to their direct-care employees ran the full gamut, with health maintenance organizations the most common. One out of five agencies offered more than one type of plan. About one-third of these agencies included a health savings plan as one of their offerings, and about one-quarter included a traditional indemnity plan as one of their offerings. Three-quarters of those that offered more than one plan, however, offered employees a choice between an HMO and a PPO, an HMO and a POS, or a PPO and a POS plan.

- Health maintenance organization (HMO)—64 percent
- Preferred provider organization (PPO)—36 percent
- Point of service plan (POS)—13 percent
- Health savings plan (HSA)—11 percent
- Traditional indemnity plan—7 percent

Most agencies (93 percent) offered coverage for the individual, and almost as many (87 percent) offered a family plan. Just over half offered individual + spouse plans (56 percent) or individual + child plans (51 percent).

### Premium Costs

The percentage of premiums covered by the employer is highly variable, and answers to the question were given in several different ways. The survey was deliberately structured to allow employers to answer in percentages or actual dollar amounts.

Of responding agencies, 17 percent said they did not cover any of their aides' health premiums (79 percent of these were LHCSAs), and another 7 percent did not respond to the question.

- Two agencies gave a total budget number that in one case worked out to $9,000 per enrolled employee (although this total budget may have also covered employees other than home care aides), and in the other case worked out to $5,706 per enrolled employee.
- Other responding agencies gave dollar amounts per employee by hour, week, month, or year. For reporting purposes, all of these were standardized to a yearly premium assuming a 35-hour workweek and a 50-week work year. This ranged from a low of $240 per year to a high of $4,500 per year. Among those who reported this way, the median was $1,999 per year and the mean was $2,159 per year.
- The most common way to report was as a percentage of their employee premiums, but many respondents qualified this by further indicating full-time/part-time status, how long the aide had been employed, or individual versus family coverage. For comparison purposes, all of these were standardized so that data reflected an individual employed full time for at least one year. Of those agencies using this reporting method:
  - —14 percent covered at least some, but less than half, of their employee premiums
  - —28 percent covered at least half but less than three-quarters of their employee premiums
  - —38 percent covered at least 75 percent but less than 90 percent of employee premiums
  - —21 percent covered 90 percent or more of their employee premiums

## Premium Share by Type of Provider and Governance Structure

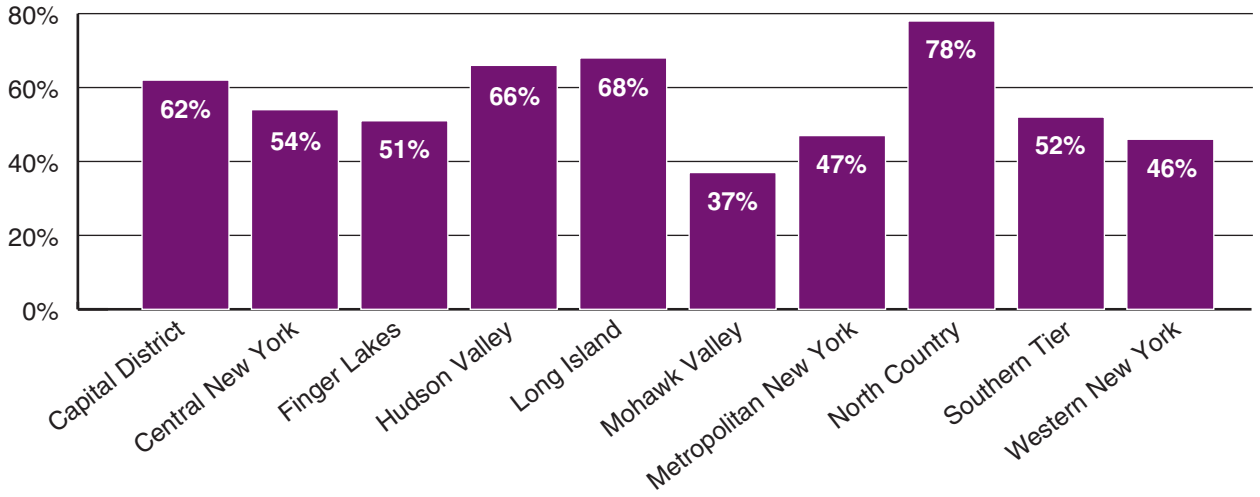
The cost of health coverage is a large expense for employers, and thus agencies varied considerably in how much of the premium they covered for their home care aides. By type of provider and governance, survey results showed:

- CHHAs covered on average 69 percent of their aides' health premiums
- LHCSAs—50 percent
- Consumer-directed agencies—35 percent
- Public agencies—81 percent
- Not-for-profits—66 percent
- For profits—38 percent

Agencies offering health insurance as part of a union contract covered more of the cost of premiums on average than agencies that did not offer insurance under union contract (69 percent versus 51 percent of costs).

**Figure 8**

***Average Percent of Employee Health Care Premium Costs Covered by Participating Agency, by Region***



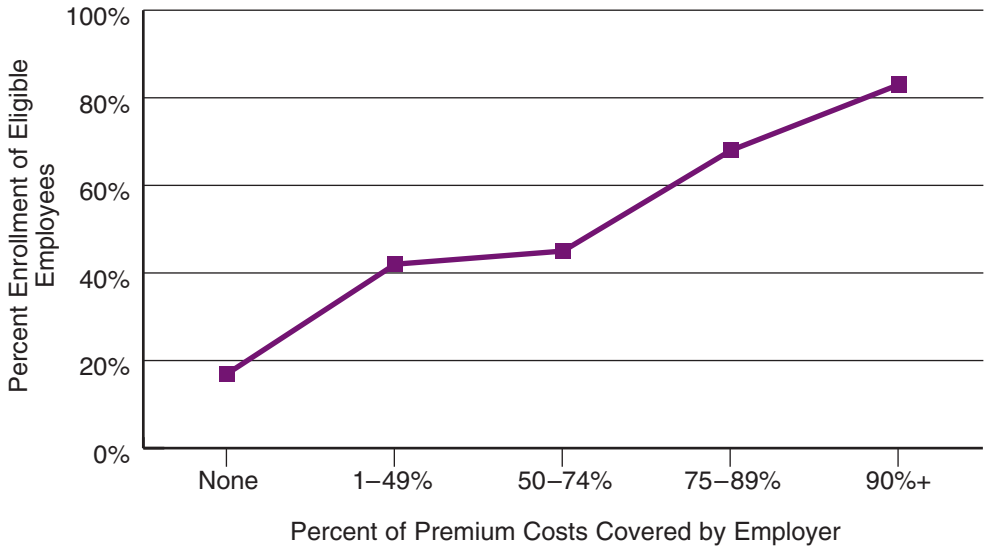

There was substantial variation in the cost of coverage by region. Agencies operating in the North Country covered the largest share (an average of 78 percent of their employees' costs), followed by agencies operating on Long Island or in the Hudson Valley (68 percent and 66 percent respectively). Agencies operating in the Mohawk Valley only covered an average of 37 percent of their employees' costs, while those in Western New York covered an average of 46 percent and those operating in Metropolitan New York covered an average of 47 percent.

Agencies offering HMOs covered, on average, 54 percent of the cost of premiums, while agencies offering POS or PPO plans covered 65 percent of cost. Those offering health savings plans covered 84 percent of costs, while those offering traditional indemnity plans covered 74 percent.

***There was a significant and positive correlation between enrollment rates among eligible aides and the percentage of premium costs covered by the agency.*** For every 1 percent increase in covered costs, enrollment rates increased by an estimated 0.61 percent. Figure 9 shows how dramatically enrollment increased with the coverage of premium costs.

**Figure 9**

***Average Enrollment Rates among Eligible Employees, by Employer Coverage of Premium Cost***




## Employers Views on Future Coverage

Of the agencies that employed home care aides, only 4 percent reported that they had previously offered insurance but no longer did. Another 10 percent did not respond to the question. It is likely that agencies in this situation tended not to return questionnaires.

Most agencies (75 percent) believed that the number of employees covered was likely to remain the same in the coming year, while about equal numbers believed there would be increases (14 percent) or decreases (11 percent) in employees covered.

In contrast, 58 percent believed that employee costs would increase, while 42 percent believed employee costs would stay the same. No agency reported that employee costs were expected to decrease.

Very few agencies expected increases in covered benefits (5 percent). Most (71 percent) believed covered benefits would remain the same, although a substantial number (24 percent) anticipated a decrease in covered benefits.

It is worth noting all agencies offering a health savings plan did so in conjunction with another health insurance plan. Unionized agencies were more likely to include a health savings plan in their benefits package (18 percent versus 8 percent), particularly public agencies. Of these public agencies, 30 percent offered a health savings plan.

### Family Health Plus Buy-In

In July 2007, New York State enacted into law a program that allows home care employers and Taft-Hartley funds to provide health insurance coverage to employees through the Family Health Plus program (effective April 2008). The survey asked employers about their knowledge of—and interest in—this subsidized health plan.

Only 40 percent of agencies reported that they were aware of the Family Health Plus Buy-In (53 percent said they were not aware, and 7 percent did not answer the question). These responses varied by agency type, however.

Among those who gave a valid response, 65 percent of CHHAs were aware of the program, compared to 40 percent of consumer-directed agencies, and 35 percent of LHCSAs. Public agencies and not-for-profits were more aware (67 percent and 64 percent, respectively) than for-profit agencies (13 percent). Agencies that offered health insurance coverage were more aware than those that did not (43 percent versus 33 percent).

This also varied by region, with 100 percent of agencies operating in the North Country aware of the program compared to only 26 percent of agencies operating in the Hudson Valley.

## Importance of Health Insurance for Recruitment and Retention

Of participating agencies, 90 percent cited health insurance benefits as "essential" or "important" to recruitment and retention of home care aides. Nearly one-third (32 percent) of participating agencies reported that health insurance was essential, while most of the remainder indicated that health insurance was important for both recruitment (58 percent) and retention (56 percent). Relatively few felt that health insurance was "not as important" as other factors for either recruiting or retaining workers (11 percent and 12 percent, respectively). Among the majority of focus group participants, health insurance was considered "not as important as wages and mileage reimbursement" to recruitment and retention.[12]

Agencies that did not offer health insurance were much more likely than agencies that did to believe that insurance was "not as important" as other factors for recruitment (23 percent versus 9 percent) and retention (17 percent versus 11 percent), and were about half as likely to feel that it was essential for recruitment (15 percent versus 35 percent) or retention (17 percent versus 36 percent).

# Conclusion

Despite an unexpectedly high percentage of participating agencies reporting that they offer health insurance coverage to their home care aides (possibly reflecting a response bias), many New York home care aides lack coverage.

The primary contributors to low enrollment among agencies offering health insurance appear to be:

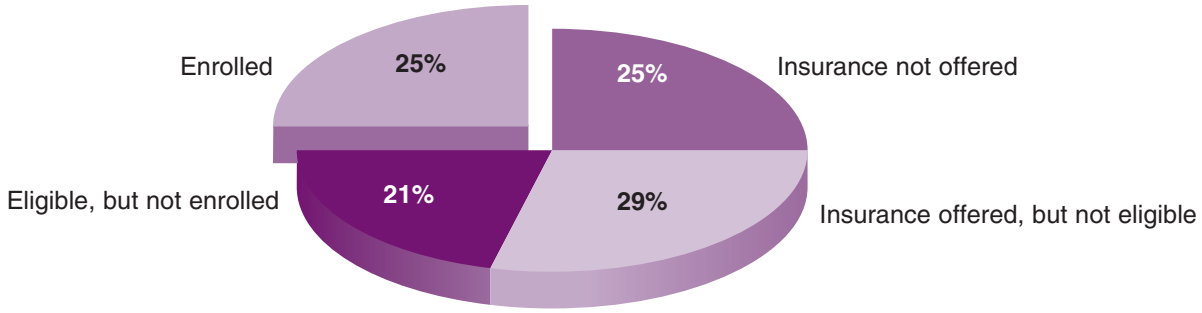
- Eligibility requirements that disqualify a high percentage of the home care aide workforce
- High cost, which results from relatively low employer contributions towards the cost of premiums

The agencies participating in this study that offered health insurance employed a total of 9,818 home care aides, but only 6,025 (61 percent) were eligible for coverage and only 3,230 (33 percent) were enrolled in their agency's health plan. The participating agencies that did not offer health insurance employed an additional 3,273 home care aides.

Thus, when looking at the total pool of agencies responding to the survey, as shown in Figure 10, ***only 25 percent of aides employed by these agencies are actually enrolled in employer-sponsored health plans.***

**Figure 10**

***Insurance Status of All Home Care Aides Employed by Participating Agencies***




Because the survey respondents are more likely to offer health insurance coverage than agencies that did not respond to the survey, the actual picture of the coverage status among home care workers is probably even more grim than the overall 25 percent reported here.

However, even if *every* home care agency in New York offered a health insurance plan, given current rates of eligibility, only about 33 percent of home care aides would be enrolled.[13] Furthermore, even if every agency offered health insurance and every aide who worked for that agency were eligible for coverage, only about 54 percent would choose to enroll due to the costs.

In contrast, if every agency offered health insurance coverage and every aide were eligible—***and 90 percent or more of the health premiums for those aides were covered by the agency***—as many as 83 percent of aides would be enrolled.

In summary, the challenges faced by New York's home care agencies that attempt to provide health insurance for their employees are complex, and cannot be addressed simply by offering a health insurance coverage program. The costs of making health insurance coverage available to—and affordable for—every employee are daunting.

Despite recognizing that health coverage improves retention, very few agencies are able to offer this level of benefit.

## Is New York Prepared to Care?

In response to this research project, PHI has developed recommendations for policymakers to address the health coverage needs of New York's home care workforce. Those recommendations appear in a second report, *Is New York Prepared to Care? A Comprehensive Coverage Solution for Home Care Workers*. To request a copy of *Is New York Prepared to Care?* please email New York Policy Director Carol Rodat at **crodat@PHInational.org**.

## Endnotes

1 For an overview of this literature, see "Health Insurance Vital to Job Retention," a PHI/HCHCW fact sheet available at **www.hchcw.org/uploads/pdfs/RetentionFactSheet.pdf**.

2 The New York City data focuses on the new Family Health Plus Buy-In and the transition of the unionized home care workforce to this new insurance plan. For home attendants under contract with 1199/SEIU, legislation that passed in 2007 replaced coverage purchased directly by the National Benefit Fund to coverage through the state program. See NY Social Services Law § 369-ff for further details.

3 The survey was mailed to those with operating certificates that included counties outside of the metropolitan New York City area. Employers in New York City were excluded as a high proportion of their workers are unionized and their experience is captured in the companion report, *Is New York Prepared to Care? A Comprehensive Coverage Solution for Home Care Workers*.

4 Analysis conducted by PHI, Fall 2007.

5 Due to the limitations of available data on the universe of home health agencies in New York State, the data were not weighted to reflect the characteristics of the universe. When estimates of coverage vary by characteristics such as geography, agency type, and ownership/auspice, this is highlighted in the report. The complexity of creating sample weights that apply to all combinations of these three important strata was also prohibitive.

6 A living wage ordinance requires employers to pay wages that are above federal or state minimum wage levels. Only a specific set of workers are covered by living wage ordinances, often personal care aides whose employers have city or county contracts to deliver personal care services. The cities of New York, Buffalo, Syracuse, the town of Oyster Bay, and the counties of Suffolk, Tompkins, and Westchester have living wage ordinances. Several of the ordinances include terms and conditions related to health insurance coverage, and require a higher wage if the worker does not participate in this benefit.

7 Within the Hudson Valley, Long Island, Metropolitan NY and Western NY regions there are counties that have enacted living wage ordinances. Respondents, however, include agencies that have waivers from the ordinance due to their size as well as agencies that do not contract with the county and do not operate under the mandate.

8 The CHHAs that responded to this survey employed a total of 1,517 aides.

9 These figures are based on the average of agency-level eligibility rates, and cannot be appropriately applied to individuals (e.g., it cannot be said that 84 percent of aides who work in CHHAs are eligible for coverage). The correct interpretation is that the average eligibility rate in a CHHA is 84 percent.

10 All of these were licensed agencies.

11 These figures are based on the average of agency-level enrollment rates, and cannot be appropriately applied to individuals (e.g., it cannot be said that 75 percent of eligible aides who work in CHHAs enroll in insurance programs). The correct interpretation is that the average enrollment rate in a CHHA is 75 percent.

12 These focus groups were conducted during months when gasoline prices were around $4.00 per gallon.

13 Calculations by the Center for Health Workforce Studies. The total number of enrolled aides across all agencies that offer coverage divided by the number of all aides employed by agencies that offer coverage.


An Initiative of PHI

**www.coverageiscritical.org**


349 East 149th Street, 10th Floor
Bronx, NY 10451
Phone: 718.928.2066
Fax: 718.585.6852
**www.PHInational.org**