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Quality Pay for Quality Care in North Carolina

Raising Medicaid Reimbursements to National Average will help seniors, workers, and the economy

North Carolina is rapidly aging—the population over 65 is projected to more than double by 2050. A growing number of seniors will need low-cost solutions for the challenge of long-term care, and in-home care services provide a much more cost-effective approach than nursing homes. Unfortunately, the rate at which Medicaid reimburses home health care providers in North Carolina is just \$13.88—the fourth lowest in nation and well below what it takes for employers to profit and workers to earn wages that allow them to make ends meet.

That’s why the General Assembly should increase the Medicaid reimbursement rates for the Personal Care Services (PCS) and Community Alternatives Program for Disabled Adults (CAP-DA) to \$18.82 an hour and require that at least 50 percent of this increase go directly to workers’ wages.

Background

- **The aging of the state’s baby boomers will expand the number of people needing home health care services.** As the state’s population ages, we will see a steady increase in community members with functional and cognitive limitations and a growing need for direct care that allows community members to continue to live with dignity.
- **Unfortunately, the low wages paid to direct care home healthcare workers is threatening the provision of this care.** Direct care occupations, including home care jobs, offer some of the lowest wages in the state. Median wages in the caregiving occupations pay less than \$10 an hour, compared to the state’s \$15 an hour median wage. That means that half of all home healthcare workers aren’t earning enough to rise above the federal poverty line despite working full-time.
- Moreover, despite the high occupational injury rates, **almost half of home care workers remain uninsured** and the majority of workers have no earned paid sick days to take time to recover from injuries or illness.
- **Low wages increase worker turnover, increase long-run costs for providers, and interrupt the continuity of care for consumers.** Homecare workers who don’t earn enough to make ends meet will either work additional hours, pick up second and third jobs, or even leave the profession altogether in search of better pay. All of these problems interrupt the continuity of the care seniors receive by making it more difficult to keep care schedules and find available workers. As a result, seniors and individuals with disabilities suffer.

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The Importance of Medicaid

- Medicaid, administered by the state and jointly financed by the state and federal government, is the primary funding source for long-term services and supports for people with disabilities and seniors. There are two primary programs that Medicaid uses to support long-term care:
 - Personal Care Services (PCS) provides care to disabled children, adults, and seniors based on their medical condition, disability or cognitive impairment.
 - Community Alternatives Program for Disabled Adults (CAP-DA) provides care to individuals with disabilities as an alternative to institutionalization.
- Unfortunately, **North Carolina's reimbursement rates have been frozen or reduced since 2009** and the most recent reduction places North Carolina at \$13.88 an hour, **\$5 per hour lower than the national average rate paid to provider agencies.**
- Reimbursements by these Medicaid programs create the framework in which private employers set wages for direct care workers, so these low reimbursement rates are holding down wages for homecare workers serving even non-Medicaid recipients.

Proposed Solution

- **North Carolina needs to raise the Medicaid reimbursement rate for seniors and individuals with disabilities to the national average of \$18.82 an hour. The General Assembly should also require that 50 percent of this increase go directly to workers in the form of increased wages.**
- **Increases employer profits and workers' wages.** This will ensure that homecare employers earn enough from serving Medicaid recipients to make a profit at the same time that their workers begin earning enough to make ends meet. The 50-percent requirement also ensures that the reimbursement increase will not be completely taken up by employer over-head.
- **Reduces turnover, improves the quality of care.** Rising wages will allow workers to make ends meet, giving them a critical financial incentive to stay in their jobs and stabilize their work schedules. In turn, this will reduce turnover, improve the continuity and stability of care, and ensure that seniors receive the highest quality care possible.
- **Saves money over the long-run.** Increasing the reimbursement rate will also save the state money in the long run by reducing workers' reliance on other public assistance and ensuring that the CAP-DA and PCS programs are delivering services in the most effective manner possible.
- **Improves the competitiveness of North Carolina' caregiver workforce** by making sure that workers are paid a sufficient wage to enter—and stay—in these otherwise high-turnover occupations.