

MILES APART:

North Carolina’s homecare workers earn too little to make ends meet

Home healthcare workers are earning wages that pay far below what it takes to make ends meet in every county across North Carolina, weakening the overall economy and damaging the quality of long-term care seniors receive in their homes. The General Assembly must address this looming crisis in long-term care by reforming the state’s Medicaid program to ensure homecare workers earn adequate wages.

Direct homecare occupations like personal care aides, home health aides, and nurses assistants are some of the fastest growing in North Carolina’s economy—a trend that will only accelerate as demand for home healthcare services expand with the aging of the state’s baby boomer generation. In fact, the population over 65 is projected to more than double by 2050, indicating a growing need for direct care that allows seniors to continue to live in their homes with dignity.¹ Unfortunately, these growing occupations pay some of the lowest wages in the economy—the median homecare worker in North Carolina earned less than \$10 an hour in 2015. That means that half of all home healthcare workers aren’t earning enough to rise above the federal poverty line despite working full-time.



Raising caregiver wages will boost the economy by ensuring that more workers earn wages that allow them to afford the basics and support their families. Bigger paychecks mean higher sales and larger profits at local businesses, in turn fostering vibrant communities.

Caregivers face critical “wage gap”

In every county across North Carolina professional caregivers face a serious gap between the wages they earn and their ability to afford the basics—to put food on the table, gas in the car, a roof over their heads, and their children in day care. According to the Living Income Standard, a market-based measure of what it takes to make ends meet, it takes \$16.20 an hour (\$33,700 a year) to cover the basic costs faced by a family of one adult one child in North Carolina.² Yet, the median wage for the state’s caregivers ranges from \$9.84 an hour for Personal Care Aides to \$9.12 for home health aides and \$10.84 for nursing assistants—almost \$7 an hour less than what it takes to make ends meet.

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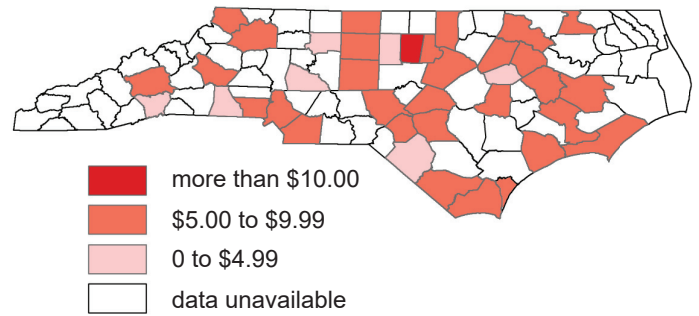
The wage gap is equally grim across each of North Carolina's counties. As seen in Figure 1, personal care aides earn anywhere from \$2.84 an hour (in Wilson) to \$10.35 an hour (in Orange) less than what they need to make ends meet in their own counties. Home health aides face a similar challenge, ranging from Burke County, where these workers earn \$11.94 an hour and need \$14.54 to make ends meet, to Orange County, where they earn just \$8.80 an hour while needing \$19.45 an hour. This story also holds true with nursing assistants, who need \$2.60 more an hour to make ends meet in Burke and \$9.09 more an hour in Orange.

From these maps, it is particularly clear that the state's fastest growing urban areas are facing more crippling wage gaps than other areas of North Carolina. For instance, the Research Triangle region and Mecklenburg County are home to the counties with some of the largest pay gaps for personal care aides and home health aides. Part of this is due to higher costs of living in these regions than elsewhere, but it is also driven by the especially low wages paid to homecare workers in the state's most affluent counties. For example, personal care aides in Durham earn \$8.96 an hour, almost half the \$18.41 hourly wage they need to make ends meet. Meanwhile, similar workers in more slowly growing Forsyth County earn more—\$10.19 an hour—while needing just \$14.32 an hour to make ends meet in a county with lower costs of living.

FIGURE 1:

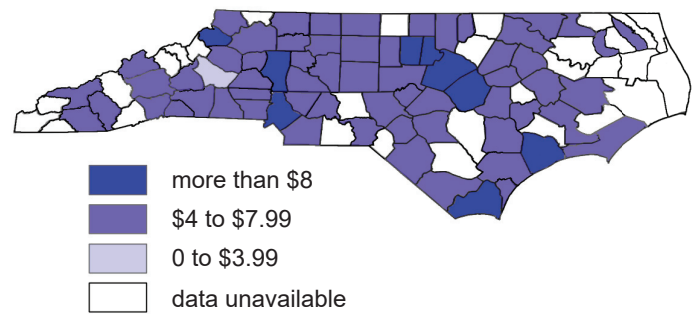
Difference between wages *earned* and wages *needed* to make ends meet for:

PERSONAL CARE AIDES



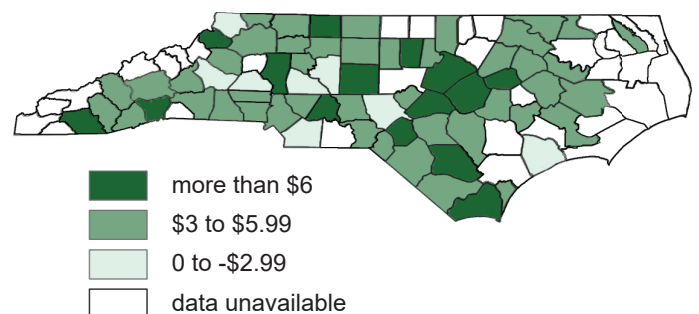
Difference between wages *earned* and wages *needed* to make ends meet for:

HOME HEALTH CARE AIDES



Difference between wages *earned* and wages *needed* to make ends meet for:

NURSING ASSISTANTS



SOURCE: Author's analysis of Occupational Employment Statistics and the 2014 North Carolina Living Income Standard.

While the differences in wages from county to county are likely due to differences in the presence of major hospitals and the number of seniors living there, it is important to note that the median wages for homecare workers in exactly zero of North Carolina's counties pay enough to make ends meet. This presents serious obstacles to ensuring seniors have access to quality care in their homes.

The Medicaid framework for caregiver wages

Medicaid, administered by the state and jointly financed by the state and federal governments, is the primary funding source for long-term services and supports for people with disabilities and seniors. The system works by reimbursing private homecare agencies for the services their workers provide to those individuals covered by Medicaid.

There are three groups of people typically who receive homecare services through Medicaid: (1) Seniors, aged 65 and over, who are eligible for both Medicaid and Medicare; (2) Individuals with disabilities, who receive assistance through the Community Alternatives Program for Disabled Adults (CAP/DA); and (3) Adults aged 55-64 who have limited mobility but are not old enough to qualify for Medicare.³ Those seniors and families with incomes above 130% of federal poverty line do not qualify for Medicaid, and instead rely on private insurance or pay out of pocket for homecare services.

Yet reimbursements by Medicaid programs in large part create the framework in which private sector employers set wages for direct care workers. Unfortunately, North Carolina's reimbursement rates for long-term care for seniors have been frozen or reduced since 2009. The most recent reduction to \$13.88 an hour places North Carolina more than \$4 below the national average hourly rate.

To further complicate the issue, the North Carolina General Assembly enacted a proposal in 2015 to privatize the state's Medicaid program, a policy shift that requires approval from the federal Department of Health and Human Services. If the federal government approves the plan, North Carolina will move to a privatized system of capitated care—providing a lump sum to private managed care companies, who will in turn negotiate the reimbursement rate for home healthcare services with provider agencies. However, not everyone receiving Medicaid for homecare services will be affected by Medicaid privatization. Seniors and individuals with disabilities will continue to receive homecare services through traditional Medicaid. Only those services for adults aged 55-64 with limited mobility will be privatized.

The impact of raising wages on the quality of care

Seniors need high-quality healthcare in their homes to allow them to age with dignity. Unfortunately, the low wages paid to home healthcare workers threaten the stability and continuity of the care they receive. Economists have long recognized that lower wages contribute to high levels of employee turnover,⁴ as workers quit their jobs in favor of occupations that pay better wages. Unsurprisingly, home healthcare occupations have some of the highest instances of turnover in the economy, as low-wage homecare workers leave the profession to find jobs with better pay and less exposure to occupational injuries.

In turn, high occupational turnover results in less stability and continuity in the care seniors receive, as many experience a revolving door of different caregivers who need to be trained in each particular patient's needs.⁵ Additionally, low wages threaten the stability of care by forcing many homecare workers to juggle multiple jobs just to make ends meet, a process that can foster significant scheduling problems and interruptions for the seniors receiving care. Raising wages can reduce these threats to the stability and continuity of care by minimizing turnover and the need for homecare workers to schedule multiple jobs.

Recommendations for raising wages and improving the quality of care

To address these challenges, North Carolina must raise the wage floor for paid caregivers in the context of the state's new Medicaid reform plan.

- **Raise the Medicaid reimbursement rate for seniors and individuals with disabilities and look to best practices in states like Montana and Maine that tie wage-improvement strategies to reimbursement rates.** These include: (1) an automatic annual adjustment for inflation; (2) an explicit minimum wage standard that ensures workers receive a mandatory percentage of any reimbursement increase; (3) a built-in mechanism for evaluating reimbursement rates and the wage floor over time to ensure that the rate remains competitive; and (4) a provision that ensures enforcement through mandatory reporting.
- **Ensure that managed care companies increase the reimbursement rate for home healthcare services for individuals aged 55-64 who are covered by privatization and require that workers receive a living wage.** There are two ways to do this. The legislature can require that the contract between the state and managed care companies contain specified reimbursement rates and wage floors for caregivers. Or, if this approach does not succeed, the state Medicaid program can seek to include these provisions during the contract negotiation stage.
- **Ensure that homecare workers actually benefit from new federal regulations requiring their employers to pay them minimum wage and overtime, and to pay for time spent traveling between clients' homes.** The state's Medicaid agency should provide guidance to the homecare provider companies that receive Medicaid funds to perform home care services and educate them about the need to comply with new federal regulations. Additionally, the Department of Labor should conduct an extensive education effort to inform homecare workers of their new rights.
- **Pursue common sense policies that make work pay** by improving workplace standards for the lowest-paid workers, including raising the minimum wage, supporting collective bargaining rights, ensuring paid sick days, expanding Medicaid, and providing career paths for home care workers.

1. Schoenbach, Sabine. (2015). Fair Pay for Quality Care in North Carolina: Fair wages for home care workers ensure economic stability and increase continuity of care. NC Justice Center, July 2015.

2. All Living Income Standard numbers in this report refer to what it takes to make ends meet for one adult one child. See Sirota, Alexandra et al. (2014). LIVING INCOME STANDARD 2014: Boom in Low-Wage Work Means Many North Carolinians Don't Make an Adequate Income. NC Justice Center, June 2014.

3. Freyer, Allan. (2016). FACT SHEET: Fair wages for home care workers increase continuity of care and strengthen the economy. NC Justice Center, July 2016.

4. Baker, Dean and Schmitt, John. (2012). The Bogus Case Against the Minimum Wage Hike. Center for Economic and Policy Research.

5. Paraprofessional Healthcare Institute. (2015). Paying the Price: How Poverty Wages Undermine Homecare in America. PHI, February, 2015.

6. Ibid.

FIGURE 2: Median wages and what it takes to make ends meet by County

County	Personal Care Aides	Home Health Aides	Nursing Assistants	Living Income Standard for 1 adult 1 child, 2014 (Hourly)
Alamance	\$9.85	\$9.58	\$10.74	\$14.64
Alexander	*	\$8.62	*	\$14.54
Alleghany	*	*	\$9.41	\$14.54
Anson	*	*	*	\$14.54
Ashe	\$8.65	*	*	\$14.54
Avery	*	*	*	\$15.79
Beaufort	\$8.79	\$9.09	\$9.84	\$14.54
Bertie	*	*	*	\$14.60
Bladen	*	*	\$8.45	\$14.54
Brunswick	\$10.50	\$9.15	\$10.75	\$17.50
Buncombe	\$10.34	\$9.21	\$11.52	\$15.83
Burke	\$9.44	\$11.94	\$13.05	\$14.54
Cabarrus	*	\$8.34	\$11.28	\$16.29
Caldwell	*	\$9.61	\$9.65	\$14.54
Camden	*	*	*	\$17.74
Carteret	\$8.88	\$10.25	*	\$15.96
Caswell	*	*	*	\$14.54
Catawba	*	\$8.87	\$10.89	\$13.48
Chatham	*	\$10.35	*	\$18.17
Cherokee	*	*	*	\$14.54
Chowan	*	\$8.63	*	\$15.10
Clay	*	*	*	\$14.54
Cleveland	\$10.21	\$8.60	\$10.78	\$14.54
Columbus	\$8.58	\$8.58	\$8.80	\$14.54
Craven	\$10.03	\$8.68	\$10.66	\$16.65
Cumberland	\$8.77	\$8.69	\$10.67	\$15.35
Currituck	*	*	*	\$21.10
Dare	*	*	*	\$18.85
Davidson	*	\$9.06	\$11.21	\$13.73
Davie	*	\$8.50	\$11.22	\$15.45
Duplin	*	\$8.79	*	\$14.54
Durham	\$8.96	\$9.63	\$12.76	\$18.41
Edgecombe	\$9.03	\$8.81	\$9.32	\$14.85
Forsyth	\$10.18	\$9.27	\$11.26	\$14.32
Franklin	*	*	*	\$18.35
Gaston	\$8.80	\$9.42	\$11.06	\$15.84
Gates	*	*	*	\$14.57
Graham	*	*	*	\$14.60
Granville	\$8.54	\$9.48	\$11.40	\$16.62
Greene	*	*	*	\$14.54
Guilford	\$9.65	\$8.94	\$11.06	\$14.78
Halifax	\$8.56	\$8.65	\$9.15	\$14.54
Harnett	\$8.77	\$8.64	\$9.17	\$16.47
Haywood	*	*	\$10.24	\$16.01
Henderson	\$12.59	\$10.91	\$10.65	\$16.77
Hertford	\$8.43	\$8.61	\$9.36	\$14.85
Hoke	\$8.83	\$8.48	\$8.42	\$14.74
Hyde	*	*	*	\$17.25
Iredell	*	\$9.11	\$9.47	\$17.53
Jackson	*	10.5	11.45	\$14.95

FIGURE 2: Median wages and what it takes to make ends meet by County (CONTINUED)

County	Personal Care Aides	Home Health Aides	Nursing Assistants	Living Income Standard for 1 adult 1 child, 2014 (Hourly)
Johnston	*	\$10.50	\$11.45	\$18.56
Jones	*	\$8.76	\$10.62	\$14.54
Lee	*	*	*	\$15.33
Lenoir	*	\$9.06	\$10.86	\$14.98
Lincoln	*	\$8.70	\$11.61	\$14.54
Macon	*	\$8.70	\$10.69	\$15.80
Madison	*	\$10.20	\$9.61	\$16.77
Martin	*	\$11.03	*	\$14.54
McDowell	*	\$8.45	\$8.86	\$14.54
Mecklenburg	*	\$9.07	\$10.37	\$17.16
Mitchell	\$10.03	\$9.03	\$11.17	\$14.54
Montgomery	*	*	*	\$14.54
Moore	*	*	\$9.02	\$14.60
Nash	\$8.88	\$9.42	\$11.62	\$14.85
NewHanover	\$9.05	\$8.84	\$10.75	\$16.26
Northampton	\$10.25	\$10.14	\$10.55	\$14.54
Onslow	*	\$8.49	\$8.81	\$17.59
Orange	\$10.57	\$8.81	*	\$19.45
Pamlico	\$9.10	\$8.80	\$10.36	\$14.57
Pasquotank	*	*	*	\$16.25
Pender	*	\$9.97	\$11.81	\$14.73
Perquimans	*	\$8.87	*	\$14.54
Person	*	*	*	\$15.02
Pitt	*	\$8.93	*	\$16.32
Polk	\$9.18	\$8.83	\$11.73	\$15.14
Randolph	*	\$8.50	*	\$15.75
Richmond	\$8.33	\$9.29	\$9.27	\$14.54
Robeson	*	\$8.66	\$10.05	\$14.54
Rockingham	\$9.61	\$8.57	\$9.53	\$14.55
Rowan	\$8.74	\$8.72	\$11.42	\$14.01
Rutherford	\$10.91	\$8.61	\$11.37	\$14.54
Sampson	*	\$8.76	\$9.02	\$14.54
Scotland	*	*	\$9.53	\$14.69
Stanly	*	*	\$9.93	\$14.77
Stokes	*	\$10.24	\$8.58	\$15.63
Surry	*	\$9.09	\$9.20	\$14.54
Swain	*	\$8.75	\$9.14	\$16.28
Transylvania	*	\$9.49	*	\$15.10
Tyrrell	*	*	\$12.05	\$14.54
Union	*	*	*	\$16.99
Vance	\$8.60	\$9.65	*	\$15.35
Wake	*	\$9.89	*	\$19.64
Warren	\$10.38	\$10.32	\$11.42	\$14.54
Washington	*	*	*	\$14.54
Watauga	*	*	*	\$17.21
Wayne	*	\$9.20	\$11.05	\$14.55
Wilkes	\$9.54	\$9.08	\$10.67	\$14.54
Wilson	\$8.89	\$8.74	\$9.22	\$15.78
Yadkin	\$12.93	\$10.07	\$8.94	\$15.45
Yancey	*	\$8.30	\$10.62	\$14.54

* Data unavailable

SOURCE: Author's analysis of Occupational Employment Statistics and the 2014 North Carolina Living Income Standard.