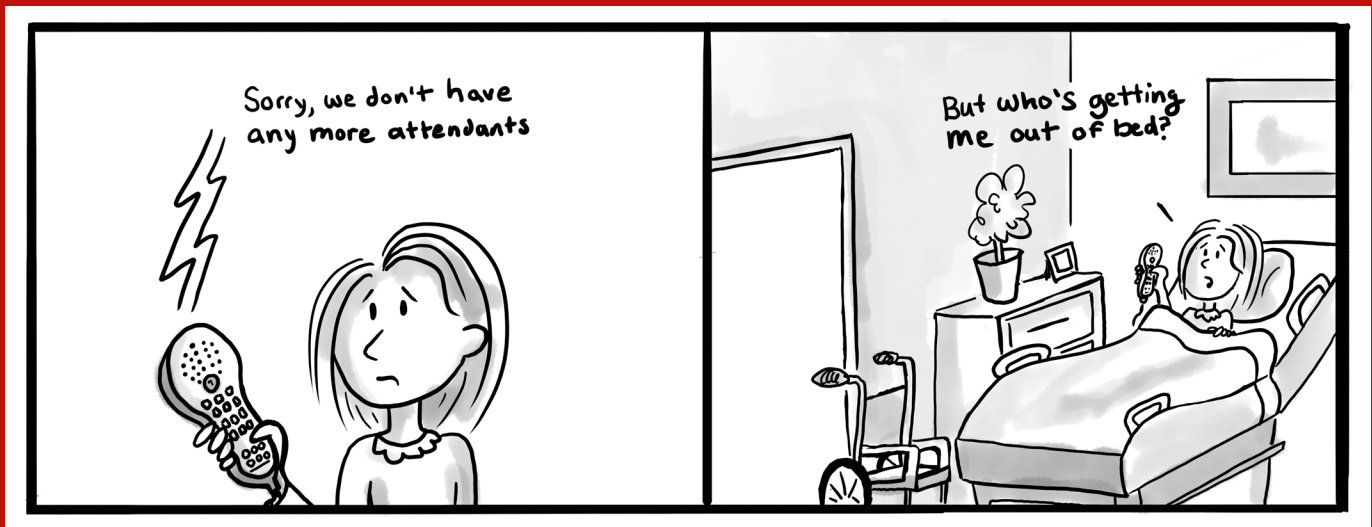


CRUSHING THE WORKFORCE 2.0

Poverty wages continue undermining the availability of critical in-home services

for older adults and people with disabilities in Texas.



Coalition of Texans
with Disabilities

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EXECUTIVE SUMMARY

The facts are clear:

- By 2028, Texas will need another 94,835 community attendants to meet the growing demand for these services.
- Most attendants have no sick leave, health insurance, vacation, or retirement plans.
- At a base hourly wage of \$8.11, many attendants live below the poverty level and rely on public assistance to feed their families.
- Major retail and fast food employers have raised hourly wages to \$15-\$18 and more in response to growing competition and the high costs of turnover.

94k
Community
Attendants
Needed

Low wages keep many community attendants in an endlessly difficult situation. Texas needs to invest in its community-based care workers both to retain current staff and to recruit new and younger people into the field.

With alternative employers like major retailers raising wages, community care is running out of people willing to take on these jobs, just when a growing number of people need them the most. The work attendants do is critical for older adults and people with disabilities to remain and thrive in the community, and attendants must be better compensated to avoid a harmful and tremendously expensive system collapse.

Recommendation:

Raise the \$8.11 base hourly wage for community attendants in home and community-based services programs to \$15.00 in fiscal year 2024 and \$17.00 in fiscal year 2025. To avoid future wage stagnation and remain competitive in recruitment and retention, develop a mechanism to automatically adjust wages in response to market and demographic forces.

Key Fiscal Costs and Benefits:

Cost: **\$2.6 billion (general revenue)** for \$15 per hour base wage in 2024, \$17 per hour base wage in 2025*

Benefits over the 2024-25 biennium:

- **\$350.8 million** potential SNAP savings
- **\$316.6 million** potential redirected to care by reduction in attendant turnover
- **+\$4 billion** additional federal funds*
- Other fiscal savings on acute care, emergency room visits, hospitalization, and unnecessary institutionalization

* These figures have been updated on 1/11/2023 to reflect a 2022 HHSC revision. An earlier version of this report estimated the cost at \$3.7 billion and additional federal funds at \$6 billion.

Recurring Annual Savings

Up to **\$244,848** savings per person who remains in the community and avoids institutionalization. The average annual per-person cost of community care is about \$20,316, \$27,154 less than the cost of care at a nursing facility and about \$244,848 less than the cost of care at a State Supported Living Center (SSLC).

INTRODUCTION

The first version of *Crushing the Workforce*, released in 2017, described the crisis-level shortage of community attendants. The problem has only gotten worse. The COVID-19 pandemic exacerbated the already inadequate supply of attendants, who are predominantly women of color and who rarely have any health insurance, making them especially vulnerable to the dangerous virus. Despite the essential work they provide, many attendants were not designated “essential workers,” so they did not receive salary increases, and many experienced great delays accessing vaccines, testing, and personal protective equipment.¹

While Texas has dedicated approximately \$500 million in emergency federal funds from the American Rescue Plan Act (ARPA) to health care workers, community attendants will get a paltry retention bonus equivalent to \$0.89 per hour for one year.² Additionally, COVID-19 has forced many employers to increase wages to attract entry-level staff, further reducing the incentive for people to become attendants at a poverty wage of \$8.11 per hour. The terrible toll COVID-19 took on residents of nursing homes and other congregate settings shows the clear and cost-effective advantage to older adults and people with disabilities staying in their own homes, which is only possible with the help of community attendants.

Since *Crushing the Workforce* was first released, a new difficulty faces providers of attendant services – the burdensome electronic visit verification (EVV) program. EVV, mandated for all providers since 2021, was intended to reduce fraud by requiring attendants to electronically clock in and out when providing services to someone in their home or community. But the prevalence of fraud among personal care workers appears to be very low, and providers received no funding to implement EVV’s onerous

The COVID-19 pandemic exacerbated the already inadequate supply of community attendants.



requirements.³ EVV is especially difficult and expensive for the desirable programs in which individuals hire their attendants directly, called consumer-directed services. In addition to being logistically difficult and costly, the EVV system in Texas is so unreliable that the Texas Health and Human Services Commission (HHSC) must now report monthly the number of hours the system is unavailable, malfunctioning, or not accessible.⁴ While reducing fraud is clearly important in health care, EVV simply makes it harder to be a community attendant while punishing the state financially.

In FY2020, the Congressional Budget Office estimated that EVV would save taxpayers \$21 million. However, the Office of the Inspector General (OIG) reported a total of \$6,065,610 (nationally) in fraud recoveries for cases involving personal care workers in FY2020.

While far more states will have implemented EVV systems in FY2021, it appears unlikely that EVV will result in significant cost savings, given that personal care fraud was already rare.⁵

From 9/1/16 through 8/31/21, Texas spent \$96,743,411 on EVV.⁶



Personal attendant Sandy White helps consumer Susie Angel of Austin, Texas dress for the day. In addition to helping Angel get ready in the morning, White helps with laundry and getting Angel to work. Credit: Emree Weaver/The Texas Tribune

BACKGROUND

Texas spends roughly \$6.4 billion each year on a variety of Medicaid-supported home and community-based programs administered by HHSC that serve older adults and people with disabilities.⁷ A large portion of these expenditures goes towards the wages paid to community attendants. The federal government covers about 67% of these costs, and Texas pays the remaining 33%.⁸

About 302,789 older adults and people with disabilities in Texas rely on the care provided by community attendants through these programs.⁹ The work of these community attendants varies. Common tasks include helping people with getting in and out of bed, dressing, personal hygiene, toileting, grocery shopping, meal preparation, laundry, errands, and traveling to and from work or school and other activities. Many community attendants are also called upon to assist with medication and other health-related tasks.

An estimated 306,410 people work as full- or part-time community attendants in Texas.¹⁰ Some attendants work in the homes of older adults and people with disabilities, and others work in small group homes serving people with intellectual and developmental disabilities. In this paper, the term community attendant encompasses any caregiver providing direct assistance with daily activities to individuals living in home or community-based settings, including personal care aides and home health aides.

Texas continues to face a crisis-level shortage of community attendants to meet growing demand.

Texas has the third largest number of people aged 65 and older among the states, totaling 3.7 million in 2019.¹¹ The number of older adults is projected to increase to 5.6 million by 2030, or 114% since 2010, and the number is growing faster than any other age group.¹² Many of these Texans will need attendant support and services in their later years.

HHSC has received stakeholder feedback about community attendant workforce items for over a decade. More recently, the tone of this feedback is increasingly urgent.

- HHSC's Rider 157 Report



However, Texas does not have the workforce of community attendants to meet the growing needs of this population, let alone younger people with physical disabilities and/or intellectual and developmental disabilities. All these populations overwhelmingly prefer to live in the community.

Beyond an aging population, demand for attendant care will be further augmented by the increasing prevalence of disabilities and aging of family and paid caregivers. Attendants have a median age of 47, and more than one-third are 55 or older.¹³

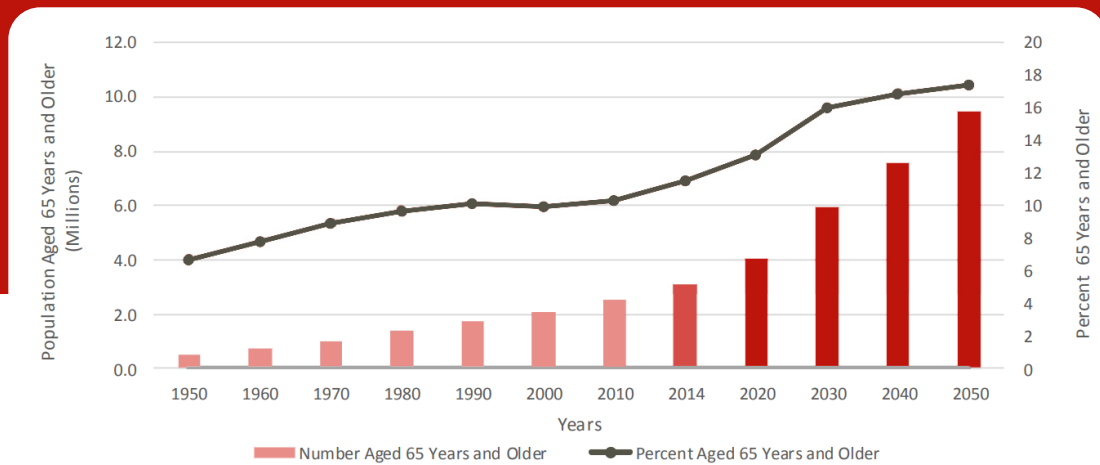


Figure 1, "Aging in Texas: Introduction"¹⁴

Nationally, more community attendant jobs – 1.1 million – will be added by 2030 than any other occupation. That’s more than double the number of new jobs in the second-place occupation, restaurant cooks.¹⁵ In Texas, the number of community attendant jobs will grow by almost 95,000 from 2018 to 2028, the second highest number of new jobs in the state, for a total of more than 388,000 jobs.¹⁶

Finding individuals to fill these jobs, and stay in them, is tremendously challenging at the low wages Texas pays, and demand for community attendants is already outgrowing the supply of attendants. Crises can occur, and often do, when people can’t find the care they need for themselves or a family member. Without attendants, older adults and people with disabilities will not have the support necessary to live in the community, will likely experience a decline in health leading to higher acute care and hospitalization costs, and could require institutional care.¹⁷ HHSC estimates the cost of a nursing facility is a staggering 227% higher than community-based care. Quality of life is greatly reduced when people with disabilities must be institutionalized, with much less freedom to live as they choose.

The number of personal care aide jobs will grow by almost 95,000 by 2028, the second highest number of new jobs in the state.

-Texas Workforce Commission



Attendant turnover creates a huge financial drain on the system and seriously impacts the quality of care.

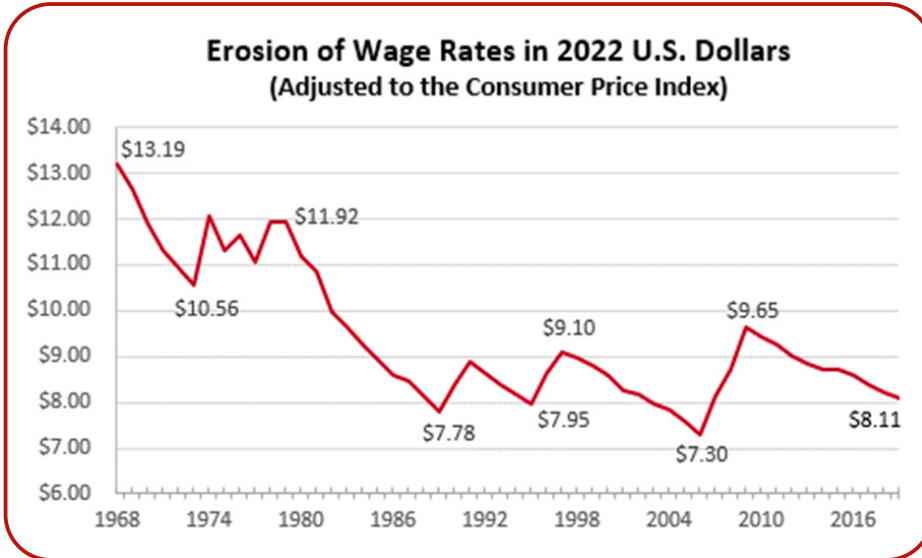


Figure 2, “Erosion of Wage Rates in 2022 US Dollars”¹⁸

Though their services are vital to maintaining the health, independence, and dignity of thousands of Texans, community attendants hold some of the worst-compensated jobs in the state with a base wage of just \$8.11 per hour. Very few attendants have benefits; most receive no sick leave, no health insurance, no vacation, and no retirement benefits.

Texas also consistently ranks near or at the bottom across all states for what it pays attendants.¹⁹ Low wage workers like community attendants have also seen their real wages decline over time, as shown in Figure 2. Wages have not kept up with inflation, undergoing erosion of more than 38% since 1968.

Recruiting competent and committed people into such low paying jobs is increasingly difficult.

Low wages make it extremely hard to recruit new attendants in Texas. We employ more than 800 community attendants in Texas but can’t find enough people to keep the jobs filled. This chronic shortage of staff means paying overtime to existing staff to cover these shifts.

-Robert Hamm, Home and Community-based Services Provide



Full-time work at \$8.11 per hour equals \$1,406 per month – not nearly enough to pay rent, utilities, food, health care, child care, and more. Most attendants must have their own car to travel to several clients' homes but receive no reimbursement for these costs.

For many attendants, these wages mean living in poverty. A national study found that one in six home care workers lives in households with incomes below the federal poverty level and more than half receive some form of public assistance.²⁰ In Texas, an attendant working full time earning \$8.11 per hour and supporting a family of two or more would fall below the 2021 poverty level.²¹ The same attendant, even with a household of one, qualifies for food benefits of \$3,000 annually from the Supplemental Nutrition Assistance Program.²²

People are just not valued enough for this work that is critical to the people they assist. Many older attendants are 'aging out' and most younger people just don't want to do this work for such low wages- they see no future in it.

-Nancy Crowther, Personal Attendant Coalition of Texas



Alternative employers are raising market-driven, entry-level salaries and benefits substantially, making it tough to retain attendants.

With a workforce shortage because of COVID-19 and with a Texas unemployment rate of 4.7% in February 2022, competition for workers, particularly at lower wages, is fierce, and turnover is high.²³ In response, several major employers have raised entry-level salaries and benefits to a more competitive level for both recruiting and retaining workers in this very tight market, as highlighted below.

- **Chipotle:** Reached an average hourly rate of \$15 per hour in June 2021.²⁴
- **Amazon:** Began offering new hires an average of \$18 per hour in September 2021.²⁵ Amazon also provides benefits such as health insurance to many of its entry-level employees, and reviews within 90 days for raises.
- **Starbucks:** Announced it will pay a \$15 per hour minimum wage beginning in the summer of 2022 with an average salary of \$17 per hour. Like Amazon, Starbucks also provides benefits including health insurance to many of its entry-level employees.²⁶

Wages in other, more comparable jobs far exceed those of community attendants. The most comparable work occurs in state supported living centers and nursing homes that serve similar populations but in different settings.

- **State Supported Living Centers (SSLCs):** Entry-level direct support staff earn about \$30,216, equivalent to \$14.53 per hour.²⁷ As state employees, these workers also receive benefits including sick leave, vacation, health insurance, and retirement that cost the state \$9,826 per year, raising the equivalent hourly wage to \$19.25. SSLCs are also offering sign-on bonuses up to \$2,500.
- **Nursing Homes:** Work in a nursing home as a certified nursing aide pays an average of about \$13.97 per hour, and benefits vary across providers.²⁸

In four months since my mother came home from the nursing home, we've gone through 12 attendants. The pay is so low, they only take the job as a 'stop gap' and leave when something better comes along, often with no notice.

-Gerard Jimenez, Family Member



*"It took years to find her," Angel says of White, shown here on Angel's back patio.
Credit: Emree Weaver/The Texas Tribune*

Attendant turnover creates a huge financial drain on the system and seriously impacts the quality of care.

Estimates for home health agencies' annual turnover rates vary from 40% to 80%, far above optimum rates of 15% or below. These agencies, and consumers who hire attendants directly, spend significant time and money advertising for, interviewing, and training new attendants. Other staff must cover unfilled shifts, often at a higher rate for overtime.

High turnover wastes time and taxpayer dollars that should be paying for care. A conservative estimate figures the cost of replacing a lost employee at 25% of the employee's annual compensation. For community attendants earning \$8.11 per hour, or \$16,869 a year, the cost each time one leaves would equal \$4,217. Across the system, this equals hidden costs of \$639.6 million a year.

When a community attendant quits, the consumer may have no services for some time, which can be life threatening until back-up care can be arranged.

Consumers must call on family and friends or hire temporary assistance, but not everyone has access to such resources, and family members often lose their income when they must become a caregiver. Without consistent care, consumers cannot plan or commit to work or other activities. When a new attendant is hired, consumers must bring another new person into their home, building trust, teaching them the unique circumstances of how to best meet their needs – all of which takes time and causes a major disruption in these peoples' lives. Individuals unable to access care could be forced to move to residential treatment settings like nursing homes at an annual per person cost of \$47,470²⁹ or SSLCs at an annual average per person cost of \$265,164.³⁰

If just 5% (15,139) of people currently in the Texas Medicaid community care programs were forced to enter an SSLC due to loss of attendant care, the extra cost to the state would eclipse the \$3.7 billion request to raise the wages for community attendants to all 302,789 Texans in those programs.

Our group homes have a 33% job vacancy rate and 40% of individuals in Community First Choice... are getting fewer services than authorized. We are beyond crisis now. The staff we have are burned out. Those old enough to retire have done so. We can no longer expect staff who are practically volunteers to keep this pace. Our workers deserve better, individuals with disabilities deserve better.

-Doug Svien, Home and Community-based Service Provider

Investing in Texas' attendant workforce is critical to ensuring reliable and quality care for older adults and people with disabilities living in the community.

Concern about Texas' extremely low pay for attendants is not new. Community attendant forums around the state and other stakeholders have identified low wages combined with no benefits as the top issue for years. Advisory committees have studied the problem, all reaching the same conclusion — increased wages are critical to ensuring consistent quality care for older adults and people with disabilities living in the community.

Failing to maintain livable wages for attendants for decades has left Texas in an expensive crisis that can no longer be ignored. Shortages and vacancies leave people without needed care, resulting in higher acute care costs, more frequent emergency room visits, and unnecessary hospitalization and institutionalization.

Taking long overdue action to increase the wages of attendants can turn this crisis around. Texas needs to invest in its community-based care workers to both retain current staff and to recruit new and younger people into the field. However, the time for incremental increases has passed. With alternative employers paying \$15 to \$18 per hour, competition for a limited pool of workers is tight. With no benefits to offer, attendant wages must be even higher to successfully compete for quality workers.

As a consumer, I depend on my attendant to show up. If they do not, I'm stuck in bed all day or in my wheelchair all night. This can lead to much more serious, even life-threatening health problems.

- Gene Rodgers, Consumer

RECOMMENDATION

Raise the \$8.11 base hourly wage for community attendants in home and community-based services programs to \$15.00 in fiscal year 2024 and \$17.00 in fiscal year 2025. To avoid future wage stagnation and remain competitive in recruitment and retention, develop a mechanism to automatically adjust wages in response to market and demographic forces.

The estimated cost of these changes to general revenue is \$1.6 billion in fiscal year 2024 and \$2.1 billion in fiscal year 2025. This investment by the state would draw down a significant increase in federal funds, estimated at \$2.6 billion in fiscal year 2024 and \$3.4 billion in fiscal year 2025. These figures are based on estimates from HHSC for raising the personal attendant base wage from \$8.11.³¹ Phasing in the increase reduces the overall fiscal impact over the biennium, while still achieving the desired wage in fiscal year 2025.

Offsetting these costs are several positive fiscal impacts. A reduction of turnover of community attendants within HHSC programs would redirect to care an estimated \$319.8 million over fiscal years 2024-25, assuming a 25% reduction in turnover costs.³² Reduced reliance by community attendants on HHSC's Supplemental Nutrition Assistance Program would save an estimated \$354 million in fiscal years 2024-25, assuming a 25% reduction in claims.³³ The state would also save significant dollars on reduced acute care, fewer emergency visits, and less institutionalization.

CONCLUSION

Keeping compensation very low drives unreliable attendant care and is a false economy. Texas is responsible for health care costs for its Medicaid population and should be motivated to maximize consumer health and thereby reduce costs.

Moving the base hourly wage from the current \$8.11 to \$17 by fiscal year 2025 to build a more viable and stable community attendant workforce in Texas is long overdue and critical to meeting future demand. These changes would finally help stop the hemorrhaging of attendants and stem the drain on resources lost to excessive turnover.

Attendants would no longer have to live at or below the poverty level, relying on government food assistance to support their families. These changes would help ensure that consumers and families have access to more reliable and quality care, and are not left stranded due to vacancies and shortages in community attendants.

Concurrently, stabilizing the workforce in the most cost-effective program of long-term services and supports would strengthen the sustainability of Texas Medicaid.

Prepared by **Trost/Masey Consulting** for



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CTD works to ensure that all Texans with disabilities of any age may work, live, learn, play, and participate fully in the community of their choice. CTD is a social and economic impact organization benefitting and controlled by people with disabilities.

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³ Applied Self-Direction, Fraud in Self-Directed Personal Care Services: What Does the Data Tell Us? (Boston, MA: Applied Self-Direction, 2021), 4.

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³⁰ Goal G.1.1, page II.48, S.B. 1, Acts of the 87th Legislature, Regular Session, 2021 (the General Appropriations Act).

³¹ Texas Health and Human Services Commission, Community Attendant Workforce Development Strategic Plan (Austin: Texas Health and Human Services Commission, 2020), 37. These numbers are based on fiscal year 2023 estimates, the most current data available.

³² Our calculation assumes a modest decrease in turnover of 25%. Turnover calculation: 306,410 x 70% fulltime x 70% turnover on average x \$4,217 = \$633,144,175 annual turnover. A 25% reduction based on increased wages yields \$158,286,044 annual savings or \$316,572,088 for the 2024-25 biennium.

³³ SNAP calculation: 306,410 x 29% on food assistance (\$658 average benefit x 12 months = \$7,896/year) x 25% reduction in claims = \$175,407,469 reduced per year or \$350,814,937 for the 2024-25 biennium.