Fields of Opportunities

STATE OF IOWA

CHESTER J. CULVER, GOVERNOR
PATTY JUDGE, LT. GOVERNOR

DEPARTMENT OF HUMAN SERVICES
EUGENE I. GESSOW, DIRECTOR

January 2, 2009

Michael Marshall
Secretary of Senate
State Capitol
LOCAL

Mark Brandsgard
Chief Clerk of the House
State Capitol
LOCAL

Dear Mr. Marshall and Mr. Brandsgard:

Enclosed please find copies of a report to the General Assembly in response to the directive contained in Section 72 of H.F. 2539 to design a voluntary employer-sponsored health care coverage for nonlicensed direct care worker demonstration project. The report describes the process utilized to gather input and develop recommendations for the design of the pilot.

The Department and the Division of Insurance worked collaboratively with other stakeholders to develop a two-year demonstration project to provide health care coverage premium assistance for up to 250 non-licensed direct care workers. The Department and the Division of Insurance hosted two meetings and invited representatives from a wide variety of agencies to gather input on how the program should be designed and to establish the criteria to measure whether the project is a success. The goal of the project is to determine whether the availability of affordable health care coverage helps to stabilize the workforce and improve retention and recruitment. And, whether a more stable workforce results in improved quality of care for the patient.

In designing the pilot, the group looked at issues around the maximum amount an employee should be expected to contribute towards the cost of the coverage, which employees and employers will be eligible to participate, how the program will be administered, and how to measure success.

If you have any questions about the information contained within the report, please do not hesitate to contact me.

Sincerely

Molly Kottmeyer

Molly Kottmeyer
Legislative Liaison

Enclosure

cc: Governor Chester J. Culver
Legislative Service Agency
Kris Bell, Senate Majority Caucus
Peter Matthes, Senate Minority Caucus
Zeke Furlong, House Majority Caucus
Brad Trow, House Minority Caucus

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The Honorable Chester J. Culver
Governor of Iowa
State Capitol
LOCAL

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cc: Michael Marshall, Secretary of the Senate
Mark Brandsgard, Chief Clerk of the House

Report to the Governor and General Assembly On Voluntary Employer-Sponsored Health Care Coverage Demonstration Project— Nonlicensed Direct Care Workers

Report of the Iowa Department of Human Services and the Iowa Division of Insurance

December 2008

Report to the Governor and General Assembly On Voluntary Employer-Sponsored Health Care Coverage Demonstration Project—Nonlicensed Direct Care Workers

Table of Contents

Page

Background 1

Who are Direct Care Workers? 3

Other States Experiences with Premium Assistance for Direct Care Workers 4

Process for Developing Recommendations 5

Recommendations

Eligible Participants 6

Coverage and Cost Parameters 7

Administration 7

Success Criteria 8

Success Measurement 8

Possible Future Measurements 8

Issues for Further Discussion 9

Conclusion 10

Appendix A 11

Appendix B 12

Appendix C 13

Report to the Governor and General Assembly
On Voluntary Employer-Sponsored Health Care Coverage Demonstration Project— Nonlicensed Direct Care Workers
Health Care Reform Bill (H.F. 2539)

Background

Iowa faces a growing crisis in providing an adequate number of direct care workers for its aging population. Direct care workers caring for the aging and disabled population are among those in our work force with the lowest wages and lack of access to health insurance. A survey of direct care workers conducted by the Iowa Caregivers Association in June of 2006 indicated that benefits ranked second only to wages in the reasons for job-hopping. A study of the direct care workforce in Vermont from March of 2008 also found that provision of benefits, including health insurance, ranked second only to wages, as important to attracting and keeping direct care workers.

Employer-based health insurance is by far the most accessible health insurance for working people. One in four of Iowa's Certified Nursing Assistants (CNAs) report that they are not currently covered by health insurance of any kind. In addition, 12 percent of CNAs rely on the Medicaid and ***hawk-i*** programs for health care coverage for themselves or their family.

Although 80 percent of nursing homes and home health care providers in Iowa offer health insurance, these benefits remain out of reach for many direct care workers.

- Only 50 percent of CNAs and 64 percent of home care workers currently enroll in their company's health plan.
- CNAs most often report the reasons for not enrolling in their employer-sponsored health insurance are the high cost of participating and their lack of eligibility for the insurance.

Reasons for ineligibility for health insurance:

- High turnover rates: The Iowa Homecare Association and the Iowa Center for Assisted Living report that Iowa's turnover rate for CNAs is more than 60 percent. The Iowa Association of Homes and Services for the Aging finds that annual turnover rates among nursing assistants, home health aids, and personal care attendants range from 40 to 100 percent. Lack of adequate health care benefits is the second leading cause for direct care workers leaving their jobs. The overall turnover rates often lead to increased hours of work and responsibilities for those left behind, which produces increased stress for those workers who often leave before they become eligible for benefits.
- Waiting periods: Employers often require six months of continuous employment for workers to become eligible for health care benefits. Home

health aides and personal care assistants often work for multiple employers to achieve full-time hours, which makes continuous employment with one employer difficult.

- Part-time employment: Employers typically offer health benefits only to full-time employees. In Iowa, the average number of hours worked to qualify for insurance is 30 hours per week. Only 60 percent of Iowa's CNAs and 50 percent of Iowa's home care workers have full-time direct care jobs.

Lack of insurance affects not only the workers, but also their employers and the clients they serve as well. The high turnover rate among these workers, often related to the lack of health benefits, impacts employers by the cost of replacement and training for new employees. Even more important, the cost of direct care worker turnover to residents and clients is the lack of continuity in care, which undermines the quality of care.

Without health insurance, workers don't always receive preventative care or timely care for illnesses or injuries. This results in missed work for these workers, which also affects the quality of care for the clients.

The 2008 Iowa Legislature directed the Department of Human Services (DHS), in collaboration with the Insurance Division of the Department of Commerce, to design a demonstration project to provide health care coverage premium assistance for nonlicensed direct care workers.

Specifically, House File 2539 requires:

H.F. 2539 Sec. 72. VOLUNTARY EMPLOYER-SPONSORED HEALTH CARE COVERAGE DEMONSTRATION PROJECT—DIRECT CARE WORKERS.

1. a. The department of human services in collaboration with the insurance division of the department of commerce shall design a demonstration project to provide a health care coverage premium assistance program for nonlicensed direct care workers. Participation in the demonstration project shall be offered to employers and nonlicensed direct care workers on a voluntary basis.

b. The department in collaboration with the division shall convene an advisory council consisting of representatives of the Iowa caregivers association, the Iowa child and family policy center, the Iowa association of homes and services for the aging, the Iowa health care association, the federation of Iowa insurers, the AARP Iowa chapter, the senior living coordinating unit, and other public and private entities with interest in the demonstration project to assist in designing the project. The department in collaboration with the division shall also review the experiences of other states and the medical assistance premium assistance program in designing the demonstration project.

c. The department and the division, in consultation with the advisory council, shall establish criteria to determine which nonlicensed direct care workers shall be eligible to participate in the demonstration project, the coverage and cost parameters of the health care coverage which an employer shall provide to be eligible for participation in the project, the minimum premium contribution required of an employer to be eligible for participation in the project, income eligibility parameters for direct care workers participating in the project, minimum hours of work required of an employee to be eligible for participation in the project, and maximum premium cost limits for an employee participating in the project.

d. The project design shall allow up to 250 direct care workers and their dependents to access health care coverage sponsored by the direct care worker's employer.

After extended discussion, the advisory council established that the goal of this project is to determine if the availability of affordable health care coverage helps to stabilize the workforce and improve retention and recruitment. If this assumption is true, does a more stable workforce result in improved quality of care for the patient?

Who are Direct Care Workers?

Direct Care Workers are:

The state's "frontline" paid caregivers who provide services and supports to older Iowans, people with disabilities, and those with chronic care needs. They work in nursing facilities, assisted living centers, individual's homes, and community-based residential settings.

It is estimated that there are between 75,000 and 100,000 direct care workers in Iowa with upwards of 40 different job titles. The majority of these unlicensed workers are white females between the ages of 25 and 54. As Iowa's population ages, Iowa faces increased challenges in meeting the rising demands for care and supportive services for elderly and disabled residents.

Iowa's population is aging, but not growing. There is a decreasing supply of direct care workers while the need for the services they provide is growing rapidly. In addition, direct care workers in the state have a high rate of turnover, 60-80 percent annually. This turnover rate is the result of several factors:

1. Low wages -- $9.00-$10.75 per hour
2. Inadequate benefits—

    a. 25 percent of CNAs in Iowa's nursing homes have no health care coverage from any source and another 12 percent depend on public assistance for their health care.

b. A recent study by the Iowa Health Care Association demonstrated that 96 percent of their represented employers pay a portion of the employee premium for health care coverage. The average premium for an employee-only health plan was $376/month, with the employee paying $122/month.
c. This same study showed that in most cases an employee must work a minimum of 30 hours per week to be eligible for health insurance benefits.

3. Physical demands of the work — high rate of injury.
4. Emotional demands of the work.
5. Inadequate staffing levels.

Other State's Experiences with Premium Assistance for Direct Care Workers

Two states, North Carolina and Vermont, provided 'lessons learned' through their premium assistance for direct care workers experiences.

North Carolina

North Carolina took part in a project, "Caregivers Are Professionals, Too" (CAPT), involving four home care agencies. In 2004, CAPT was awarded approximately $1.4 million to fund a three-year demonstration project to measure the impact of health care coverage on recruitment and retention of the direct care workforce. The grant ended in the fall of 2007.

The CAPT project subsidized health premiums for home care workers. Those workers participating in the project received a subsidy of $108 per month to apply toward the employee share of insurance premiums. In this project, only individual coverage was subsidized. Funding for the subsidy came from a federal demonstration grant intended to strengthen the direct service workforce. Workers had a choice of plans offered by their employers. These plans ranged from comprehensive coverage through traditional insurance plans to limited coverage through "mini med" plans.

Eligible participants for the project were those who worked a minimum of 30 hours per week and had completed 12 weeks of employment.

The total cost of comprehensive plans, with a $1,000 deductible and co-payments ranging from $10 to $100 per service, was $550 per member per month. For this coverage, the employer paid a premium of $429.76 per month and the employee paid $13.84 per month.

Approximately 200 employees were participating as of September 2006. Over the course of the grant, a total of 298 direct care workers participated in the project.

This project was popular with both participating employees and employers and was associated with positive outcomes in the areas of recruitment and retention.

There were, however, key disadvantages to the project. While the subsidy reduced, or in some cases, eliminated the employee share of premiums, the participants continued to face high out-of-pocket costs in the form of co-payments and deductibles. Since the project was time-limited as was the funding stream, no far-ranging effects can be predicted.

Vermont

The Advisory Council also looked briefly at Vermont's plan for subsidizing employer-sponsored health insurance. The strategy for this plan was to expand public insurance coverage. This project was funded through a combination of state funds and a Medicaid waiver. It closely resembles Iowa's Health Insurance Premium Payment (HIPP) program that is funded by Medicaid. The conclusion for Vermont was that this plan had the disadvantages of high premium and out-of-pocket costs for workers.

In March of 2008, the results of a legislative study of the direct care workforce were released. The study reported that only one-third of Vermont direct care workers received health insurance coverage as an employment benefit. However, workers with employer-sponsored health insurance remained in their jobs an average of 2.5 years longer than those without this benefit.

Process for Developing Recommendations

DHS staff began the process by researching the Internet and gathering data from various national reports and articles. Other states were contacted and some of their data is included in this report.

DHS, in partnership with the Division of Insurance, planned and organized two meetings to bring Iowa stakeholders together to develop recommendations for this demonstration project. The first meeting was held October 20, 2008. ***(Please see Appendix A for a list of invitees to this meeting.)***

Due to the low number of stakeholders present for the first meeting, a second meeting was scheduled for November 20, 2008. ***(Please see Appendix B for a list of additional invitees.)***

Senator Jack Hatch and Representative Ro Foege issued a letter of invitation in the hope that more stakeholders would attend this meeting. ***(This letter can be found in Appendix C).***

The advisory committee considered the following questions when developing recommendations for the design of the demonstration project:

1. What is the maximum amount that the employee should be expected to contribute towards the cost of the premium?
2. Which employees and employers will be eligible to participate in the program?
3. How will the program be administered?
4. How will success be measured?

Recommendations

The advisory council considered each category listed below and brainstormed to come up with the specific criteria for each. It was very helpful that each of the stakeholders on the council brought a unique perspective to the table. The fact that there must be a measurement for success of the demonstration project was a priority for this council. After much discussion, the council reached a consensus on the criteria and recommends the following:

Eligible Participants:

1. Non-licensed direct care workers who meet all of the following:
    a. Are currently uninsured.
    b. Are not eligible for Medicaid —except for Iowa Care or Medically Needy with a spenddown.
    c. Work the number of hours required to be eligible for the employers plans – (most are 30 hours or more).
    d. Have gross household income that does not exceed 300 percent of the Federal Poverty Level (FPL).

2. Employers of non-licensed direct care workers who meet all of the following:
    a. Offer a health plan that meets the coverage requirements.
    b. Contribute at least 50 percent of the cost of the employee's single plan.
    c. Are home health agencies and other providers of community and home based services, and nursing and assisted living facilities (consideration for equal representation).
    d. Do not have self-insured ERISA plans.
    e. Are members of an Iowa professional trade association.
    f. Any interested employer that meets minimum qualifications will be part of a "lottery" drawing. There will be equal opportunity to participate with some consideration to urban/rural balance.

Coverage and Cost Parameters

1. Employer health plans should be comprehensive (including to the extent possible, a medical home, wellness, prevention services, and chronic care management). The Iowa Comprehensive Health Association (HIPIOWA) may be a model for an average comprehensive coverage plan. Areas that are covered under this plan are extensive and far-reaching and would be most valuable to the participant.

2. Employers must contribute at least 50 percent of the cost of the employee's single plan.

3. The employee's share of the premium will be 2.5 percent of their gross family income (the same standard as established in H.F. 2539). Consideration will be given to the North Carolina experiment.

4. The state will subsidize the difference between the employee's cost for a single premium and the amount they are assessed as a program participant.

5. Although H.F. 2539 permits coverage of up to 250 employees and their dependents, there are no data available for the cost of family coverage. While employers typically subsidize a portion of the cost for the employee, the employee must pay the full cost for family coverage. The advisory committee recommends subsidizing only employee coverage at this time.

6. Administrative Costs:

   There will be costs for technology and support. Although the design recommendation includes the use of the Department's existing Health Insurance Premium Payment (HIPP) infrastructure, additional state resources will be required for system modifications as well as additional full-time employees (FTE)s to administer the program. There will also be additional costs for evaluation of the success of the demonstration project.

Administration

The Department of Human Services currently administers two premium assistance programs. The Health Insurance Premium Payment (HIPP) program pays the cost of the employee's share of the premium for individuals who are eligible for Medicaid when it is determined cost-effective to do so. The AIDS/HIV HIPP program pays the cost of maintaining health insurance coverage for individuals living with AIDS or HIV illness when they become too ill to work and maintain their insurance coverage through an employer. The program is designed so that premium payments can be made directly to the employer or to reimburse the employee for payroll deductions. The advisory group believes that the HIPP infrastructure could be utilized to administer this demonstration project

with minimal system modifications. Additional staff would be needed to administer the demonstration.

Success Criteria

The accepted premise of the advisory council was that health care workers should have access to healthcare because it's the right thing to do and we want the people that take care of our loved ones to be healthy themselves. After much discussion regarding what issue the demonstration project would try to solve, the council settled on the following:

Does the presence of health insurance improve:

- Employee retention; and
- Employee recruitment, and
- Quality of care to the client?

Success Measurement

Because there are many other factors that typically affect this population, the limited number of participants and that some issues may only show improvement over time, it may be difficult to attribute the outcome of the demonstration solely to the provision of health insurance. While some aspects of the demonstration will be more difficult to measure, employee demographics will be an important aspect of analyzing the data. Specifically, the group recommends measuring:

- Demonstration participation rate.
- Retention rates pre/post demonstration.
- Missed days of work pre/post demonstration.
- Utilization of benefits – did providing coverage also ensure access to care?
- Impact on employee health status.
- Percent of participating employees that have a medical home.
- Employer satisfaction with the demonstration.

Possible Future Measurements

1. Employee satisfaction

    a. With the employer as a result of the demonstration insurance provided
    b. With the employer's health care coverage; and
    c. Whether the employee valued the services they received.

2. Resident/Client satisfaction

    a. Was there more continuity of care due to fewer turnovers of staff?
    b. Did employees seem healthy?

Issues for Further Discussion

- There was a general concern that the size of the demonstration project (250 participants) may not be large enough to accurately assess whether or not the objectives of the project are met. Because 250 may not be a valid sample size for the project, it may not be statistically representative of the whole population.
- Maintaining a stable and adequate funding source to support this initiative.

To implement this change...		Comments (list legal sites if applicable)
Is legislation required?	☑ YES ☐ NO	Authorizing legislation and an appropriation would be required
Are amendments to the administrative rules required?	☑ YES ☐ NO	
Are changes to IT systems needed?	☑ YES ☐ NO	The current HIPP system will need modified
Is there a fiscal impact?	☑ YES ☐ NO	State Dollars Estimate Assumptions: ▪ Participation of 250 persons for 12 months of the year. ▪ The monthly average cost of single coverage for employee share of premium is $122.00 (total ave. cost of single coverage = $376.00) - Source: IHCA/ICAL Health Insurance Survey – January 2008 $122 premium X 12 months = $1,464 annually X 250 participants = $366,000 per year This cost would be offset by any cost sharing required by the employee (up to 2.5% of gross family income). **Note:** This estimate does not include HIPP system changes or administrative costs, which would include costs for additional FTEs to administer the program. It will take further analysis to determine the extent of any system modifications and cost to implement those changes, based on the final program design.
What is the length of time needed to implement this change?	☐ ☐	12 Months
Other Comments:		

Conclusion

With adequate funding for this demonstration project, the result could be that the state could see a positive impact on the recruitment and retention of direct care workers as well as on the quality and continuity of care for our aged and disabled population.

Appendix A

Invitees to the first meeting of the Advisory Council for Healthcare for Caregiver's meeting held October 20, 2008.

Steve Ackerson	Iowa Healthcare
Rebecca Anthony	Iowa Hospice Organization
Charles Bruner	Child and Family Policy Center
Angela Burke Boston*	Iowa Insurance Division*
Shelly Chandler	Iowa Assn of Community Providers
Paula Dierenfield	Federation of Iowa Insurers
Carrie Fitzgerald*	Child and Family Policy Center
Patricia Funaro*	Legislative Services Agency
John Hale*	Iowa Caregivers Assn
Terry Hornbuckle*	Department of Elder Affairs
Kaye Kellis*	DHS
Bruce Koeppl	AARP
John McCalley	Department of Elder Affairs
Julie McMahon	Iowa Department of Public Health
Kristie Oliver*	Iowa Assn of Homes & Services for the Aging
Dana Petrowsky	Iowa Assn of Homes & Services for the Aging
Anita Smith*	DHS
Jeffrey Terrell* (facilitator)	DHS
Susan Voss*	Iowa Insurance Division
Mark Wheeler	Iowa Assn for Home Care
Ann Wiebers*	DHS

*Indicates Attendees

Appendix B

In addition to those invited to the original meeting, the following people were invited to the second meeting on November 20, 2008:

Cindy Badeloo*	Iowa Healthcare Assn
Gary Boattenhamer	Iowa Hospital Assn
Anthony Carroll	AARP

*Indicates Attendees

Appendix C

Letter of Invitation to November 20, 2008 Meeting

Dear members of the Health Care Coverage Premium Assistance Demonstration Project for Direct Care Workers Advisory Council:

Thanks to all of you for your interest in the Health Care Coverage Premium Assistance Demonstration Project for Direct Care Workers that was included in House File 2539. It's an important effort; one that the Legislature will be taking a serious look at when it convenes in January.

This effort is important to the legislature, and it's just as important to everyone receiving this message. Providing health care coverage for direct care workers is the right thing to do. Direct care workers who serve aging and disabled Iowans need to be healthy...those they serve depend on them to be there for them and to avoid the passing of colds, flu and other ailments. In addition, providing health care to direct care workers is a necessary thing to do. Providing adequate and affordable health care coverage is one way to deal with the unacceptably high level of turnover in the field; a level of turnover that costs Iowans millions of dollars annually and has a negative impact on the quality of care our friends and family receive.

The health care coverage model we have asked you to help create is one way of providing that coverage. If employees can access their employer-provided health plan, they will get the care they need, lead happier and healthier lives, view their occupation in a more positive light, and save the State of Iowa dollars currently being spent on uncompensated care and via programs like Iowa Care.

The first meeting of the project's advisory council occurred on October 20. It was an excellent first step toward creation of the project design. The next meeting has been set for November 20th. Meeting notes from October 20th are attached to this message.

Before the next meeting, two things need to happen. Our request to you is as follows:

*We need to continue to build our data base on facts pertaining to direct care workers; their starting and average salary levels and income, their health care coverage (availability, costs of premiums and other out of pocket expenses, type and level of coverage, the number of hours an employee needs to work per week to be eligible for the coverage, how much of the premium cost is paid by the employer, what % of employees sign up for employer provided coverage and their reasons for not signing up, and what % of the workforce is uninsured) and any other information available such as average age, marital status, etc. that help us both describe and understand the makeup of the workforce.

*To put the above information in its proper context, we also need to insure that we fully understand the organizations that provide this information: who you represent, the extent of your involvement with the direct care workforce, and your "reach" across the state.

We ask for your assistance in providing this information, and thank you for your assistance. This information should be provided by November 13th to Kaye Kellis in the Department of Human Services at KKELLIS@dhs.state.ia.us <mailto:KKELLIS@dhs.state.ia.us>.

We also ask you to put November 20th on your calendar and to send a representative of your organization to that meeting. We anticipate the meeting will be scheduled from 10 to 3 that day, at a location yet to be determined.

Questions about the demonstration project can be directed to Kaye Kellis at 515 281- 9367.

Thanks again for your interest in and assistance with this very important project. We look forward to seeing the results of your work.

Sincerely,

Senator Jack Hatch

Representative Ro Foege