



# Wages, Fringe Benefits, and Turnover among Direct Care Workers in Oregon

Oregon Department of  
Human Services

# Budget Note HB5029

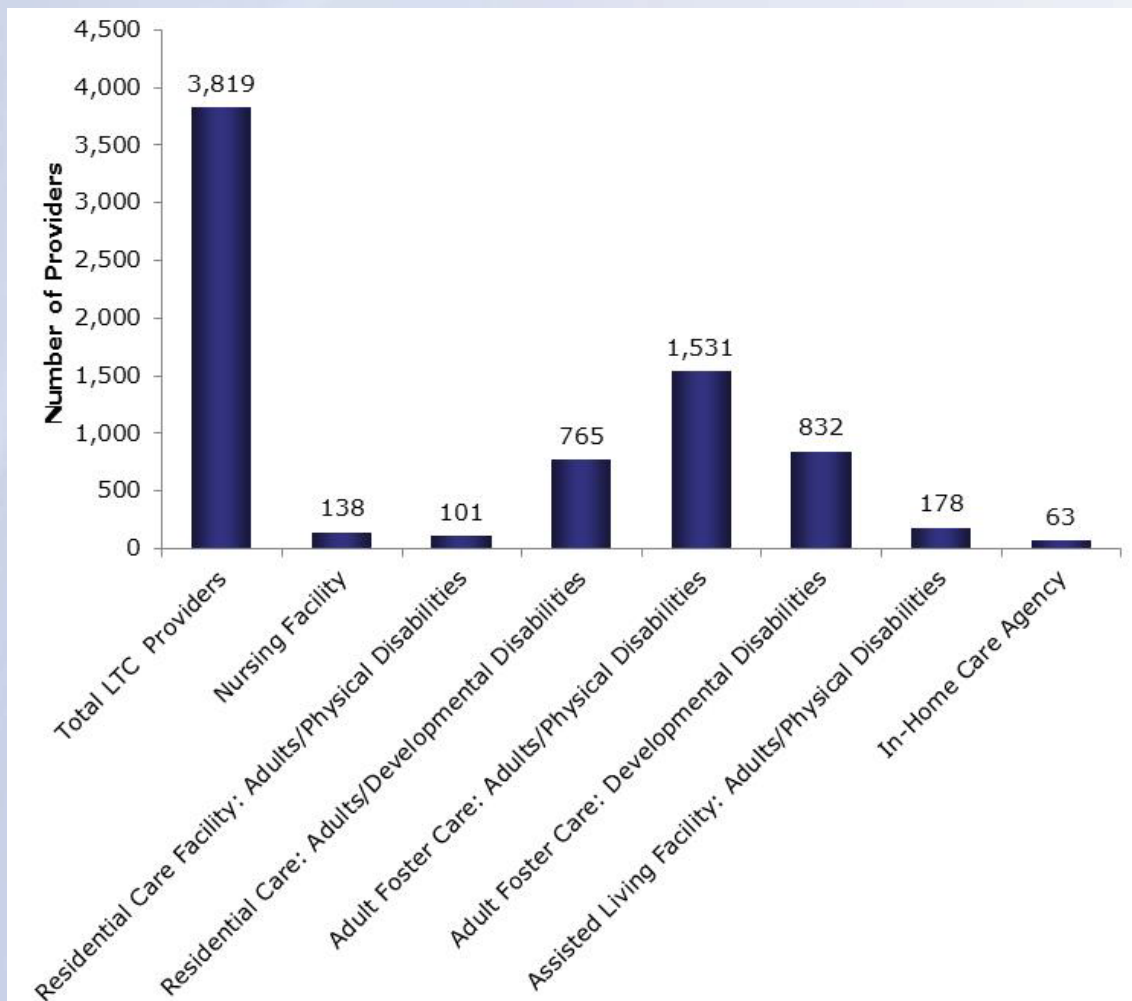
- HB5029 requires Department of Human Services to conduct a study to assess the status of direct care workers.
  - Domain 1. Profile of long-term care providers, their service users, and direct care workers
  - Domain 2. Wages, inflation, and Medicaid rates
  - Domain 3. Fringe benefits
  - Domain 4. Turnover
  - Domain 5. Options for ensuring that funding increases translate into wage increases

## Contract with RTI International

- DHS contracted with RTI International, a large, nonprofit research institute
- In consultation with DHS, RTI designed, fielded, and analyzed the ***Oregon Wage and Fringe Benefit Survey of Long-Term Care Providers***
- Survey of LTC providers participating in Medicaid, except for independent providers
- Survey was conducted in summer 2014; 2,008 providers responded; 81% response rate
- Survey data was statistically weighted for non-respondents; results reflect the population of LTC providers and of direct care workers, in Oregon.

# Domain 1: Profile of Long-Term Care System in Oregon

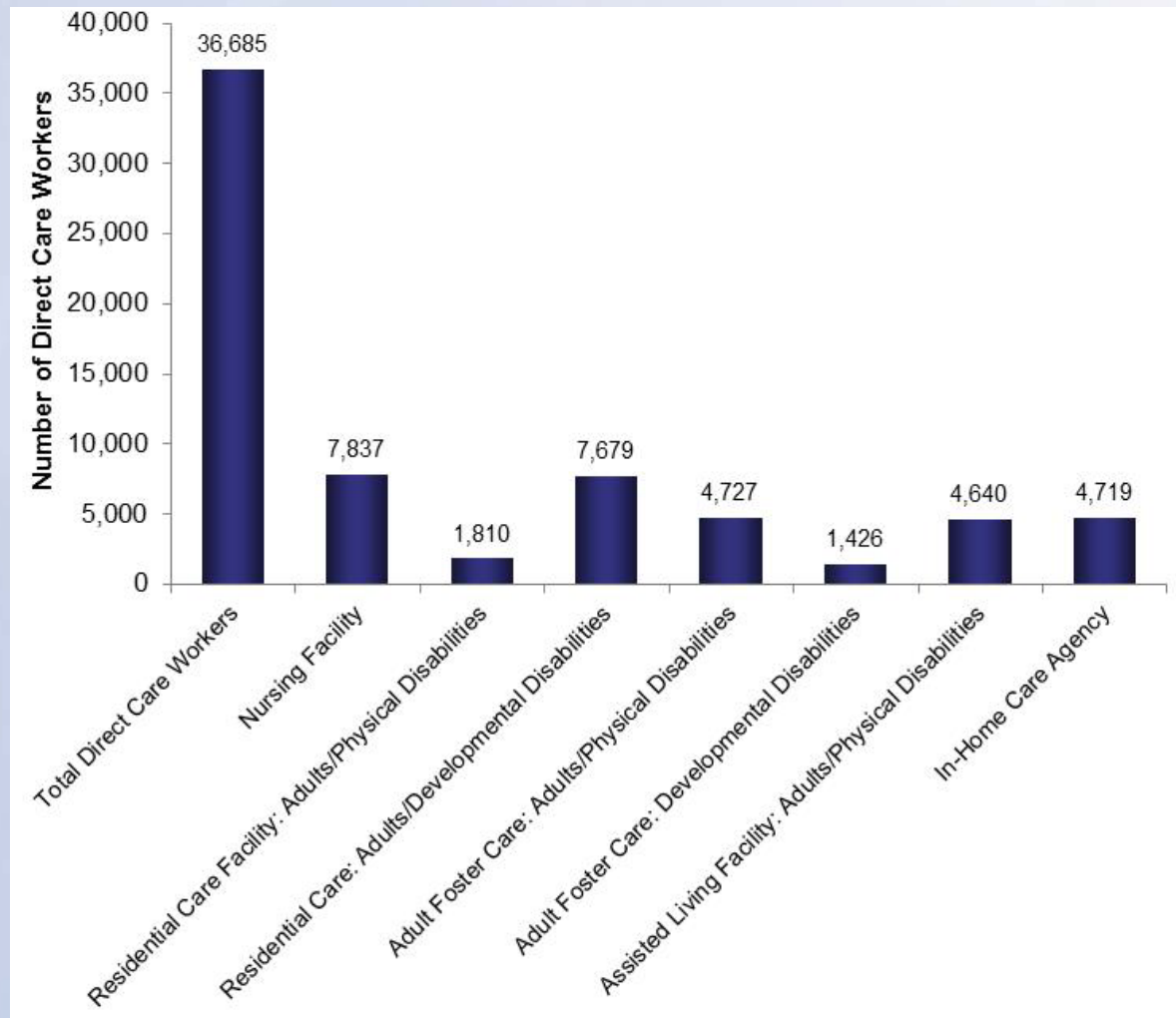
## Number of Long-Term Care Providers, by Provider Type



Note: Unit of analysis is provider. No columns for adult day services, IC specialized living, and specialized living services because there were <30 responses, but they are included in total column.

Source: RTI International analysis of the 2014 Oregon Wage and Fringe Benefit Survey of Long-Term Care (LTC) Providers.

# Number of Direct Care Workers, by Provider Type



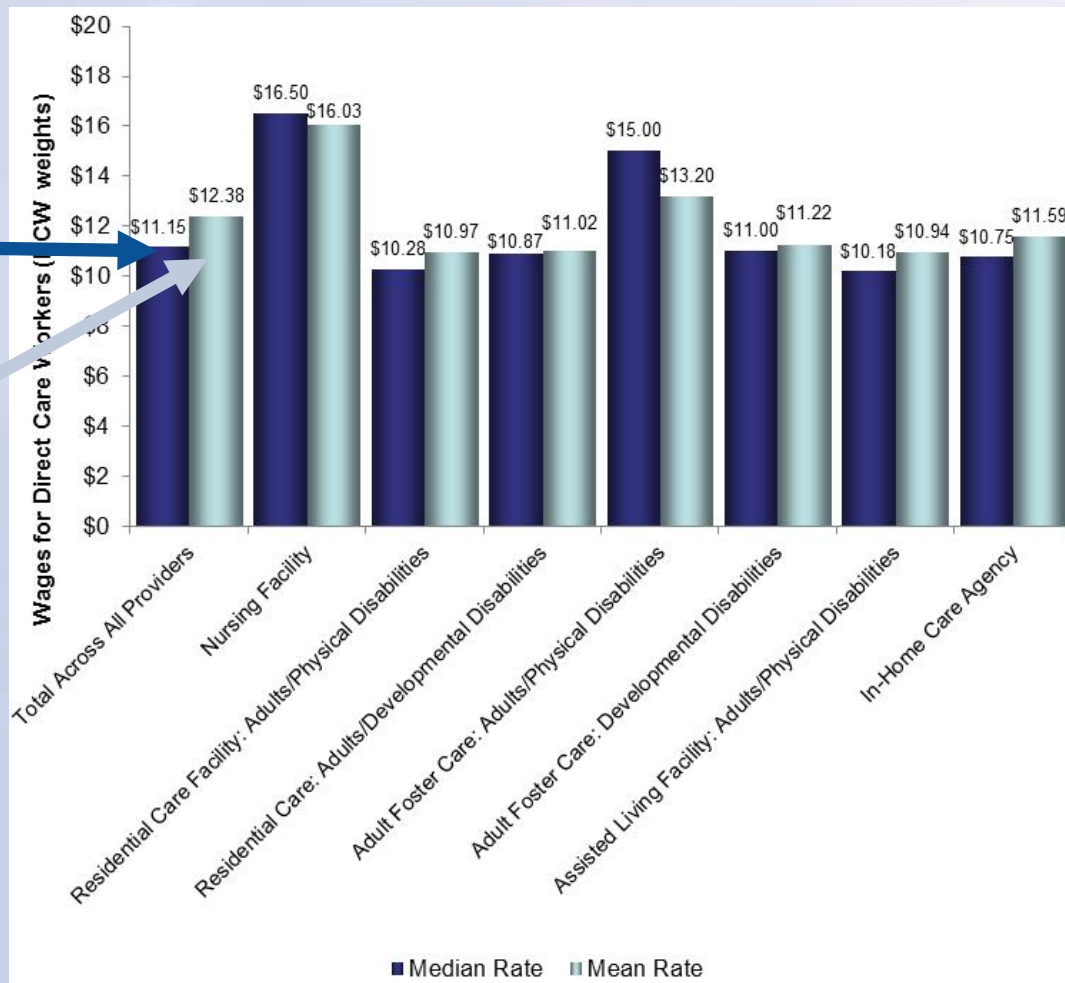
Note: Unit of analysis is direct care worker. No columns for adult day services and specialized living services because there were <30 responses, but they are included in total column.

Source: RTI International analysis of the 2014 Oregon Wage and Fringe Benefit Survey of Long-Term Care (LTC) Providers.

## Domain 2: Wages, Inflation, and Medicaid Rates

# Hourly Wages of Direct Care Workers, by Provider Type (averaged across direct care workers)

2014 median wage: \$11.15/hr  
 mean wage: \$12.38/hr



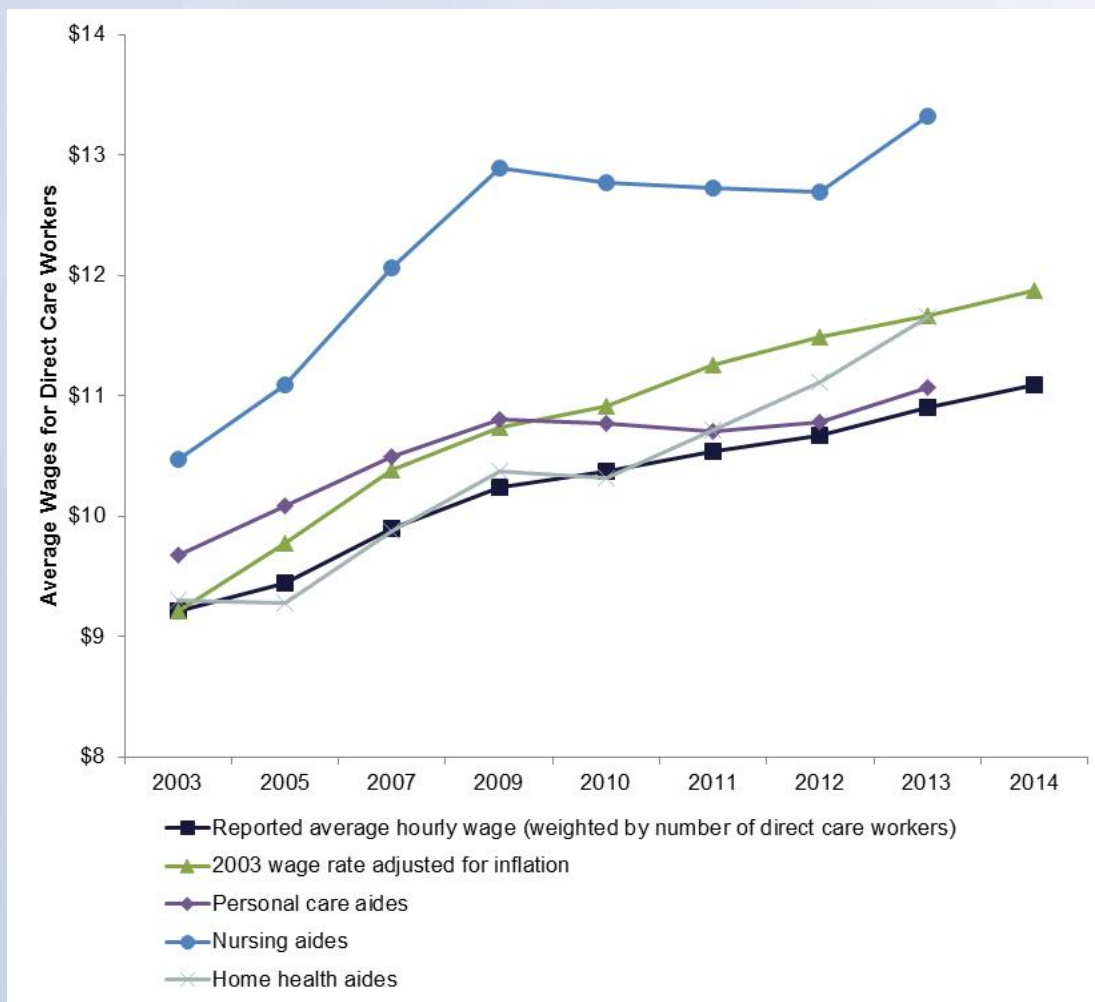
OR minimum wage \$9.10

Note: Unit of analysis is direct care worker. No columns for adult day services and specialized living services because there were <30 responses, but they are included in total column.

Source: RTI International analysis of the 2014 Oregon Wage and Fringe Benefit Survey of Long-Term Care (LTC) Providers.



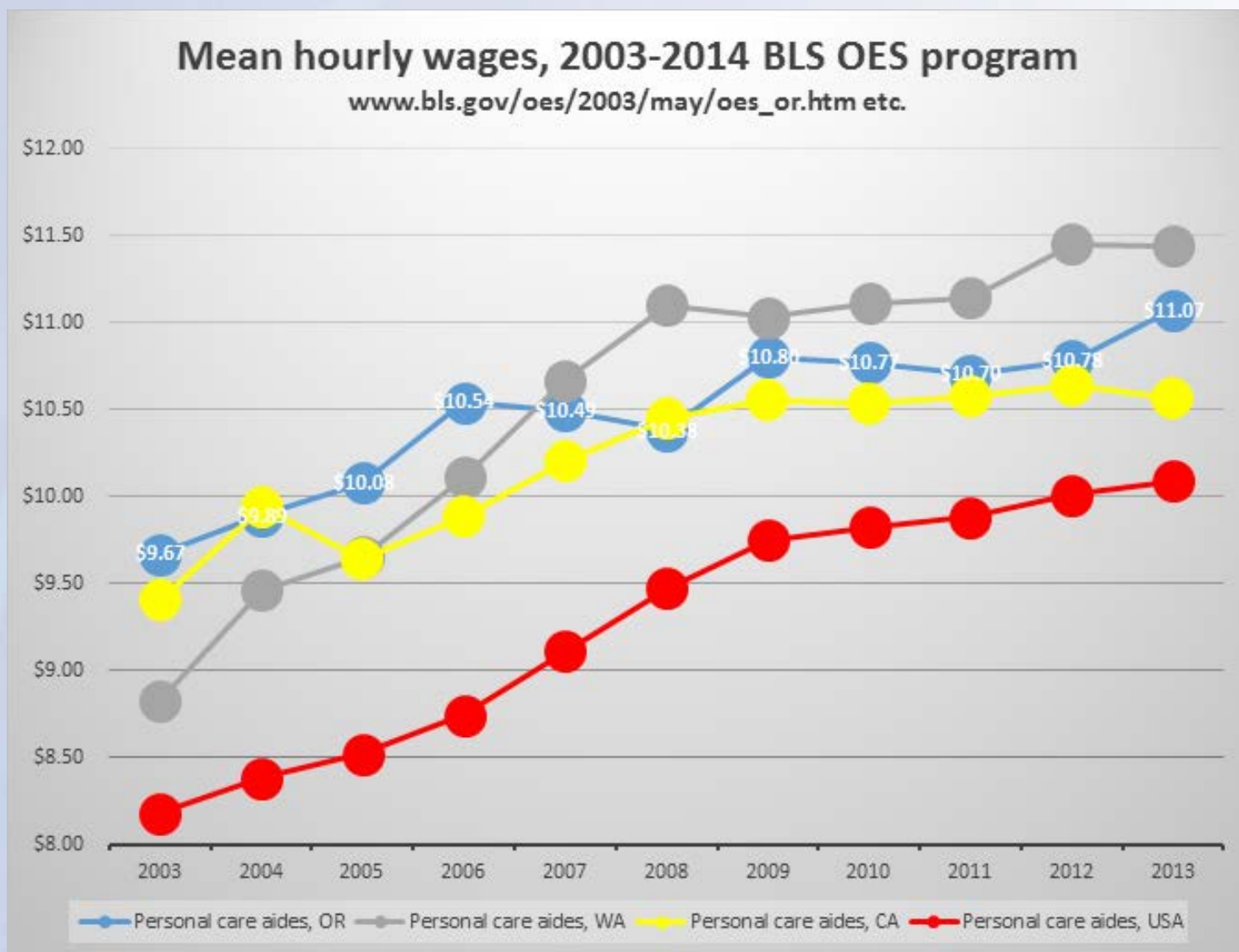
# Wages for All Direct Care Workers, 2003-2014



Note: Unit of analysis is direct care worker.. Estimates for personal care aides, nursing aides, and home health aides are from the U.S. Bureau of Labor Statistics (BLS). BLS estimates not available for 2014.

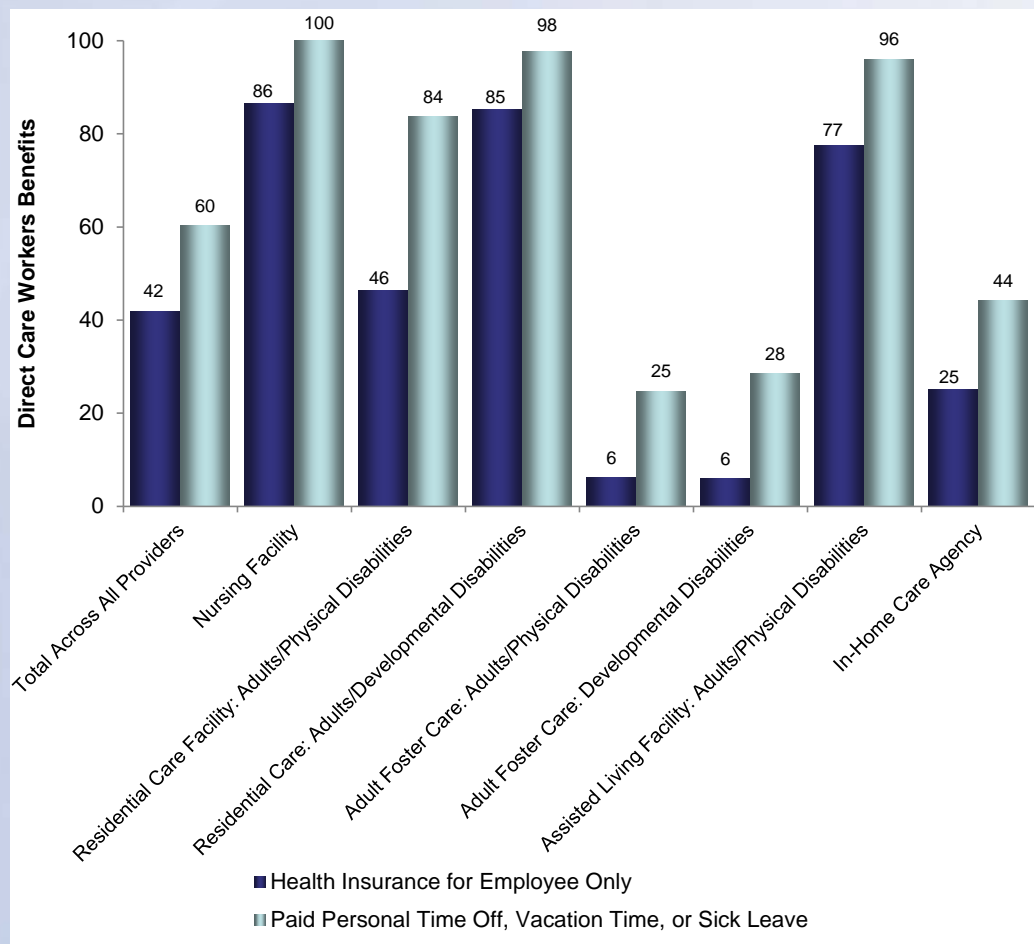
Source: RTI International analysis of the 2014 Oregon Wage and Fringe Benefit Survey of Long-Term Care (LTC) Providers.

# Wage comparison to other states 2003-2013



## Domain 3: Fringe Benefits

# Offer of Employee-only Health Insurance and Personal Paid Time Off, by Provider Type (percentage)



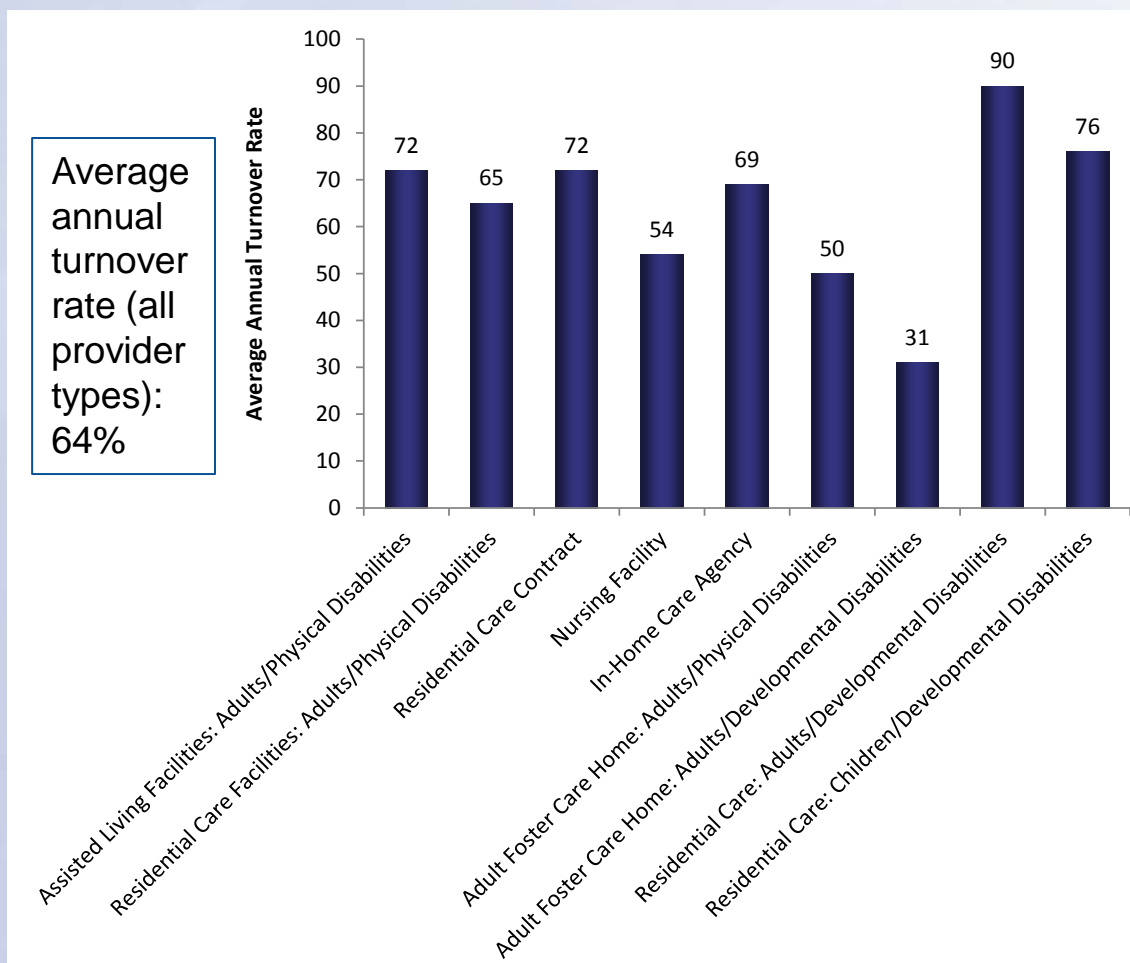
Note: Unit of analysis is provider. No columns for adult day services and specialized living services because there were <30 responses, but they are included in total column.

“Any fringe benefit” includes health insurance: family and employee only; paid time off: personal vacation time or sick leave and paid holidays; retirement benefits such as a pension plan such as a 401(k) or 403(b); or life insurance.

Source: RTI International analysis of the 2014 Oregon Wage and Fringe Benefit Survey of Long-Term Care (LTC) Providers.

## Domain 4: Employee Turnover Rates

# Average Turnover Rates of Direct Care Workers, by Provider Type (percentage)



Note: Unit of analysis is provider. Turnover is calculated as estimated total number of direct care workers in 2014 (Question #18) divided by the number of current direct care workers (Question #12) adjusted by the proportion of the year that Question #18 represents.

Source: RTI International analysis of the 2014 Oregon Wage and Fringe Benefit Survey of Long-Term Care (LTC) Providers.

## Domain 5: Options for Ensuring that Medicaid Rates Increases Translate into Wage Increases

# Wage pass-through legislation, and other options - RTI

- Medicaid payment rate increases do not necessarily translate to comparable worker wage increases
- **Wage pass-through legislation**
  - **This option** attempts to ensure that Medicaid increases result in wage increases
  - Early research on effectiveness is mixed; more recent evidence is more positive
  - Making wage pass-through effective requires strict monitoring of providers
  - Providers in other states have resisted such legislation
  - Recourse is to sue provider in court for breach of statute or put a hold on their license which may not meet the ultimate goal as anticipated



## Options for Ensuring that Medicaid Rates Increases Translate Into Wage Increases - State

- Increase minimum wage – this is not a topic DHS is prepared to speak to on the larger statewide impact
- Prepare contractual provisions that either mirror pass-through legislation or otherwise dictate a pass through of wages based on performance.
  - Pro – easy to implement the change in contract as provider either agrees to it or not.
  - Con – Administratively burdensome and would require additional I/DD staff. Recourse for non compliance is to sue provider for breach of contract which may still not get result anticipated. In addition, as with wage pass through legislation being seen as a third party employer is a risk.
- Collective bargaining a consideration
- Let market determine appropriate wages

# Summary

- Not including independent providers, 3,819 LTC providers participate in the Oregon Medicaid program, employing 36,685 direct care workers, serving 45,858 people
- In 2014, the mean wage of direct care workers, weighted by the number of workers, was \$12.38 and the median wage was \$11.15
- While wages have increased over time, they have not kept pace with either inflation or increases in Medicaid payment rates
- Fringe benefit offerings by LTC providers vary greatly by type of benefit and provider type. The most commonly offered fringe benefit is paid personal time off, followed by paid holidays and employee-only health insurance

## Summary (cont.)

- Fringe benefits that require an employee financial contribution, such as health insurance, retirement benefits, and life insurance, have low participation rates
- Offer of fringe benefits increased from 2010 to 2014
- Average annual turnover among direct care workers was 64%, with wide variation across provider types
- Wage pass-through legislation and other options can be a successful strategy in increasing worker wages, but requires extensive oversight.

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