

Beyond Reach?

Michigan Long-Term Care Employers Are Struggling to Provide Health Coverage for Employees

Results of the Michigan Long-Term Care Employers Survey

Health insurance in the U.S. is largely tied to employment—62 percent of individuals are covered through their jobs. This number is much lower—52 percent—for direct-care workers: the home health aides, nursing assistants, and personal care workers who provide care and assistance to elders and people living with disabilities. According to the results of a survey of Michigan’s long-term care employers, these workers don’t receive health coverage largely because of the difficulty their employers have in finding affordable, accessible, and adequate health insurance plans.

Though employers across Michigan, large and small, are feeling the effects of ever-rising health care costs, long-term care employers and their direct-care workers face unique challenges. Most importantly:

- **Public Funding.** Long-term care employers rely heavily on public funding (Medicaid, Medicare, aging funds) for revenue. Government reimbursement rates are not designed to provide a family-sustaining wage or health insurance to the staff delivering health care services.
- **Part-Time Work.** Direct-care work is often part-time, particularly in home- or community-based settings. It is costly—and thus rare—for an employer with a largely part-time staff to offer health insurance.
- **Workforce Characteristics.** Direct-care work is a field dominated by women, many of whom are over 40 and face chronic health conditions, making them a more costly workforce to insure.

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About the Long-Term Care Employer Survey

This survey marked the first effort to gather data on health insurance coverage offered by long-term care employers in Michigan. Surveys were sent to 3,000 nursing homes, hospital LTC units, county medical care facilities, home health agencies, assisted living providers, homes for the aged, and adult-foster care agencies. Of these surveys, 299 were returned, for a response rate of 8 percent. Responses from nursing homes and adult foster care homes provided the most comprehensive data and illustrate the challenges that long-term care employers, both large and small, face in attempting to offer affordable, accessible, and adequate health insurance to their staff. For this reason, the results highlighted in this fact sheet reflect responses from those two sectors of long-term care.¹

The 2006 Michigan Long-Term Care Employer Survey on Health Insurance² revealed two patterns that illustrate the challenges that these employers face.

- **Unaffordable Coverage.** Large employers, such as nursing homes and multi-site adult foster care homes with over 100 employees and/or annual revenue of more than \$500,000, generally offer health insurance coverage to their direct-care staff. Evidence, however, suggests that the offered coverage may be unaffordable for many direct-care workers.
- **No Coverage.** Small employers, such as adult foster care homes with fewer than 10 employees and/or annual revenues of less than \$500,000, rarely offer health coverage to direct-care workers.

Large Employers Offer Insurance

As large employers, nursing facilities are likely to offer health insurance coverage to their employees. *Of nursing homes responding to the employer survey, 96 percent offered coverage to their direct-care staff and most offered both individual and family coverage.* The coverage offered was comprehensive, with plans covering necessary services such as nursing home diagnostic services, inpatient hospital services, outpatient physician visits, prescription drugs, therapy services, and mental health services.

Coverage Offered May Not Be Affordable

Despite offering insurance coverage, nursing homes have not eliminated barriers to accessible and affordable coverage.

- Similar to other Michigan employers,³ *over three-fourths of nursing homes responding to the survey required direct-care workers to be employed for a specific number of days—most up to 90 days—prior to being eligible for coverage.* In addition, most (72 respondents) did not offer coverage to their part-time staff.⁴ Though these are common practices for employers, given the high level of turnover and the sizeable part-time staff in Michigan's nursing homes, this finding raises concerns about the accessibility of available coverage for direct-care workers.
- While almost a quarter (22 percent) of facilities responding paid the entire insurance premium for staff, *almost half (48 percent) required employees to pay a premium of over \$75 per month for individual coverage.* Deductibles between \$250 and \$1,000 were common in about 38 percent of facilities.
- With an average hourly wage of \$10.43 per hour—or about \$16,000 per year⁵—these premiums are unaffordable for many direct-care workers. A common measure of affordability for low-wage workers is that premiums and out-of-pocket costs (e.g., co-payments, deductibles, premiums) should be less than 5 percent of income.

Sustainability of Coverage Uncertain

- Of nursing facilities that reported offering insurance, *48 percent were concerned that they would not be able to continue doing so within the next two years.* By comparison, only 10 percent of all Michigan employers representing other business sectors think they will not continue to offer health insurance in the next two years.

Small Employers Unlikely to Offer Coverage

Survey responses from adult foster care (AFC) homes illustrate the barriers that small long-term care employers face in offering health insurance to their largely part-time staff.⁶ Compared to nursing facilities, a smaller number of AFC homes responding to the survey—one third (33 percent) — offered health insurance to their direct-care staff. However, if they offered coverage, AFC homes' premiums and coverage levels were comparable to other long-term care employers that offered coverage.

- Of the one third of AFC homes that said they offered coverage, 40 percent reported annual revenue of over \$1 million. Of those that said they did not offer coverage, 62 percent reported annual revenue of less than \$100,000.
- Of AFC homes that reported they did not offer health insurance, almost half were family AFC homes, where the owner lives in the home and the maximum number of clients is three.
- Only three of the 57 (5 percent) family AFC homes that responded offered coverage.

Solutions

Finding solutions to the challenges that long-term care employers and direct-care workers face in obtaining affordable, adequate, and accessible health insurance coverage requires action on the part of policymakers, employers, and stakeholders in Michigan's long-term care community.

What Can Policymakers Do?

The long-term care system in Michigan is largely publicly funded by Medicaid. To begin looking at how the state reimburses long-term care providers, Health Care for Health Care Workers encourages policymakers to make sure that payments are adequate to provide quality supports and services to long-term care consumers. Providing quality care includes making sure that reimbursement is sufficient for providers to pay sustainable wages and provide health insurance coverage to direct-care workers.

What Can Employers Do?

Employers currently offering health insurance coverage can look more closely at the cost and quality of the coverage they are offering to determine if it is truly accessible to direct-care workers. Employers can talk with direct-care staff to determine if they are signing up for available coverage, and if not, identify changes that can be made to encourage enrollment.

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For smaller employers who are not currently able to offer health insurance, *county third share programs* are a source of subsidized coverage. Third share programs are available in eight counties: Bay, Genesee, Saginaw, Ingham, Kent, Muskegon, Washtenaw, and Wayne. By sharing the premium three ways—between employers, employees, and the county—premium costs are considerably lower than the cost of a private health insurance plan with a comprehensive benefit package.⁷

What Can You Do?

Health Care for Health Care Workers, an initiative of PHI, works with employers, policy-makers, direct-care workers, and consumers to advocate for affordable, accessible health coverage for the long-term care workforce. Policymakers will act if they hear real stories from multiple stakeholders.

If you would like to join our campaign, tell your story, and speak to legislators about this issue, please contact Tameshia Bridges at 517.372.8310 or at tbridges@PHInational.org. We can help equip you with the tools and resources you need to make a difference!

References:

- ¹ Responses from nursing facilities represented 13 percent of all nursing homes in the state and adult foster care responses represented almost 5 percent of the homes in the state. With less than 3 percent of certified and private duty home care agencies responding, the data was insufficient to adequately describe coverage rates.
- ² This survey was a collaborative effort between the PHI Health Care for Health Care Workers Campaign and various long-term care provider associations: the Health Care Association of Michigan, the Michigan Association of Homes and Services for the Aging, the Michigan Assisted Living Association, the Michigan Center for Assisted Living, the Michigan County Medical Care Facility Council, and the Michigan Home Health Association.
- ³ According to the State Planning Grant for the Uninsured Michigan Employer Health Insurance Survey, 72 percent of Michigan employers require individuals to work one to three months before being eligible for health insurance coverage and 78 percent require employees to work 30 or more hours per week. Full survey report available at: www.michigan.gov/documents/mdch/Report-EmployerSurvey-092106_173453_7.pdf
- ⁴ Part-time defined as working fewer than 30 hours per week.
- ⁵ Based on a 32-hour work week, the common requirement to be eligible for health insurance coverage among nursing facilities.
- ⁶ AFC homes provide care to those with disabilities and the elderly who need 24-hour personal care, but do not need the level of care received at a nursing home. Many AFC homes are small employers with over three-fourths of the 4,500 facilities having a capacity of between one and six beds.
- ⁷ For more information on these programs go to www.communityhealthplans.org/ihp/healthplans.asp, and click on one of the counties listed above.



so that both may live with dignity, respect, and independence. For more information about PHI and its national work see www.PHInational.org

PHI Michigan works to improve the lives of people who need home and residential care—and the lives of the workers who provide that care. Using our workplace and policy expertise, we help consumers, workers and employers improve long-term care by creating quality direct-care jobs. Our goal is to ensure caring, stable relationships between consumers and workers,

