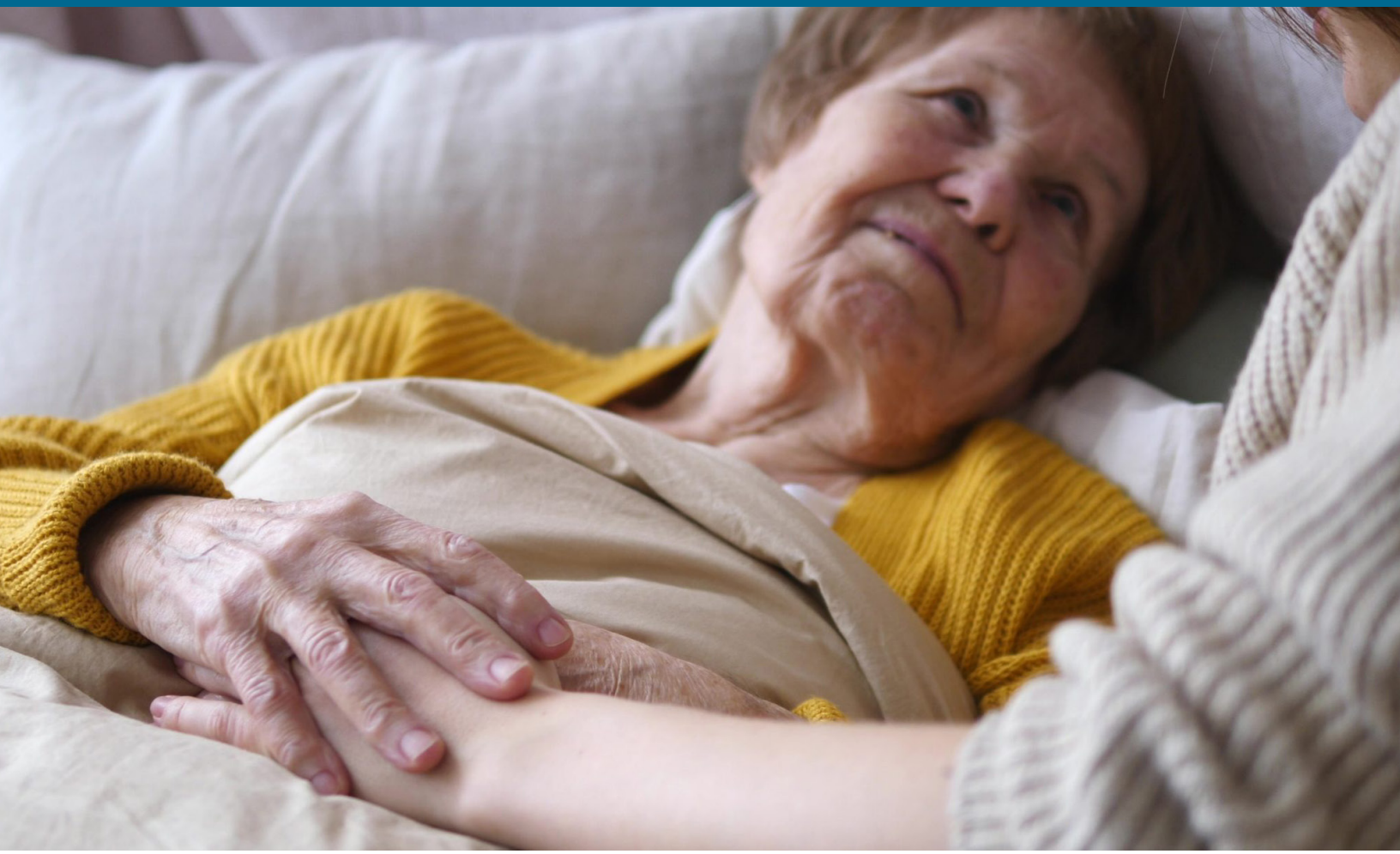
The High Cost of Undervaluing Direct Care Work



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Executive summary

Maine's direct care workforce is in a fragile state due to a fundamental undervaluing of care. Low government reimbursement rates for direct care mean workers are paid low wages and face high rates of poverty, financial hardship, and burnout.

These circumstances have far-reaching consequences, beyond those imposed on workers: providers face chronic labor shortages; people receiving care struggle to obtain quality services or maintain trusted relationships; family members of people who cannot access professional care must drop out of the labor force; businesses lose workers at a time when it is already difficult to hire staff; state and federal governments incur more costs and have fewer resources available to invest in people and communities; and our health care system's capacity is stretched dangerously thin.

This report details the far-reaching costs of our broken direct care system. Some of the findings include:

- Our collective failure to adequately support direct care workers is keeping **more than 8,000 people out of Maine's labor force**.
- Maine is missing out on over **$1 billion per year in additional economic activity** as a result of people dropping out of the labor force due to direct care challenges.
- Undervaluing care work imposes significant public costs on our state, as low wages lead more workers to rely on public assistance programs, including MaineCare and Supplemental Nutrition Assistance Program (SNAP). Meanwhile, the drop in labor force participation due to direct care responsibilities means fewer workers are contributing taxes. These combine to **cost our state and federal budgets more than $70 million each year**.
- Direct care workforce shortages place undue strains on Maine's health care system. In March 2023, Maine Medical Center had about 50 people under its care who were approved for discharge but could not find an alternative care setting; meanwhile, Northern Light Health noted that over a nearly six-month period, the **cost of delayed discharges across the system's hospitals totaled $13.6 million and amounted to approximately $63,000 per person**.

The costs outlined in this report will continue to rise until we properly value care work, confront the profound consequences of inaction, and commit to meaningful change. Legislators and advocates across the state have begun to appreciate this reality, but more work remains to shore up the foundations of the direct care workforce. By properly investing in these workers, our state can ensure consumers have the supports and services they need to live with independence and dignity, and we can realize myriad benefits throughout our economy. Now is the time for bold solutions that center care workers and the people and families who rely on the services they provide.

Introduction

Maine's direct care workforce is in a fragile state. Low reimbursement rates for direct care work result in low pay, poor job quality, and worsening labor shortages for care providers. The consequences of undervaluing the services direct care workers provide that allow aging people, people with behavior health challenges, and people with disabilities to live with dignity are far-reaching.

Many of us or those whom we love will require the kind of support and assistance that direct care workers provide at some point in our lives. Access to stable, quality care is not only important to the person receiving services, but also to family caregivers who often struggle to balance work and other priorities with the needs of loved ones. Direct care provides working-age adults flexibility to remain in the workforce and support themselves and their families knowing loved ones are cared for properly.

The impacts of undervaluing direct care work and workers ripple beyond those individuals and families who receive services. When a family member must drop out of the labor force to provide care, businesses lose workers at a time when it is already difficult to hire staff. Health care system resources get stretched dangerously thin when options aren't available for patients who no longer require hospitalization or when people who don't get the care they need suffer avoidable conditions that require more costly intervention. State and federal governments incur more costs and have fewer resources available to invest in people and communities when people drop out of the labor force or aren't paid enough to be able to provide for their families.

Caregiving is a highly skilled profession requiring technical knowledge, physical strength, and emotional intelligence.

The costs of Maine's care shortage are borne by hospitals, state and federal governments, consumers and their families, and direct care workers themselves.

This report details the far-reaching costs of undervaluing direct care work. Some costs — lost economic growth and turnover for businesses and direct care providers — are relatively easy to quantify. Others, such as the mental and physical toll on clients, their families, and direct care workers, are more abstract but no less real. These costs will continue to rise until we properly value care work, confront the profound consequences of inaction, and commit to meaningful change.

How the long-term supports and services system works

Nearly everyone will someday need direct care, provide it to a loved one, or both. Direct care enables people to live with dignity who have a disability, mental illness, long-term health conditions or injuries and illnesses that make daily living difficult or impossible to accomplish alone. Despite the nearly universal experience of direct care, many people do not know what the work is or how it is paid for.

How is direct care paid for?

Neither traditional health insurance nor Medicare typically cover the cost of direct care. MaineCare (or Medicaid) is the principal payer of long-term care, which accounts for nearly half of MaineCare's expenditures (around 47 percent in 2016). MaineCare, which is funded by both federal and state dollars but whose reimbursement rates are set by the state, has strict eligibility limits and is generally only available to people who are in or near poverty, have little

What is direct care?

Direct care and support is provided by workers and family members in a variety of settings. Certified nursing assistants (CNAs), direct support professionals (DSPs), personal support specialists (PSSs), independent support specialists (ISSs), behavioral health professionals (BHPs) and home health aides work across a spectrum of care, from day services and home meal delivery, to hospice and home care, to shared living arrangements, small group homes, private non-medical institutions and nursing facilities. They support people with a wide range of daily living activities including eating, dressing, bathing, grocery shopping, and taking medication.

National data suggest there are 24,350 direct care workers in Maine; however, these data likely miss significant numbers of direct care workers who serve clients with a wide variety of needs. More precise state-level data would help better understand our current workforce and future needs. Direct care workers are overwhelmingly women and more likely to be immigrants and people of color relative to the average Maine population. Direct care workers include personal support specialists, home health aides, and nursing assistants, as formally classified by the Bureau of Labor Statistics, along with direct support professionals and behavioral support professionals. Direct care workers assist people with a broad range of tasks, from assisting older adults with daily tasks such as dressing, bathing, and eating, to supporting people with mental health challenges and developmental disabilities find employment, build community relationships, and learn to accomplish tasks independently. Personal support specialists may help with meal preparation, housekeeping, errands, and appointments, while direct support professionals may prompt and teach these skills. Home health aides and nursing assistants perform some clinical tasks, such as wound care, blood pressure readings, and/or assistance with range-of-motion exercises, under the supervision of a licensed professional.

to no assets, or live with a long-term disability. The second leading payer of long-term services is the State of Maine, which, in addition to contributing its share to MaineCare, subsidizes programs such as adult day care and a variety of services at home. The remaining care is covered by private payers for people whose income or assets disqualify them for publicly funded programs. Households with middle-income without long-term care insurance — which only a small fraction of older people have — often must spend much of their life savings paying for care before qualifying for any level of public reimbursement for their care needs.

Beyond the strict income and asset caps, many people who are eligible and approved for these programs still cannot get the care they need. The state inadequately funds programs relative to the number of people who need services, resulting in waitlists. In other instances, individuals are eligible for publicly funded services but cannot receive them due to the shortage of workers. This is often referred to as "unstaffed hours," meaning the state has approved and agreed to pay for a certain level of care but no worker was available to provide it. Both scenarios – waitlists and unstaffed hours – reflect a failure to sufficiently value the needs of older and disabled Mainers, and the people who provide care and support services for them.

To note the dire state of the direct care and supports workforce is not to overlook significant efforts and investments Maine has made in recent years. In 2019, the Commission to Study Long-term Care Workforce Issues brought together experts, administrators, and lawmakers, who issued a set of recommendations in January the following year. Their work led directly to a 2021 law that required the labor portion of MaineCare reimbursement for direct care services be at 125 percent of the minimum wage. The state also established annual cost-of-living adjustments to MaineCare rates. Furthermore, the state issued over $123 million in state and federal funds to nursing homes, residential care facilities, and other institutions, and directed an additional $126 million in American Rescue Plan funds toward bonuses to retain direct care and support. Despite these and other investments, however, direct care employment remains well below its pre-pandemic levels and demand will grow significantly over the next decade.

According to data presented by the Maine Department of Labor's Center for Workforce Research and Information (CWRI), the number of people employed in direct support jobs shrank by 4,400 workers between 2019 and 2022. The second annual progress report on implementation of recommendations from the 2019 commission showed increased investments largely stabilized the direct care workforce at this far lower rate of employment but has not led to a workforce rebound.

Unpaid care work

While there are tens of thousands of direct care workers in Maine, this does not account for the massive amount of unpaid care provided by family and friends. AARP estimates that in 2021, more than 166,000 family care givers in Maine provided 155 million hours of unpaid care, which, based on comparative wages, represented the equivalent of $2.9 billion of labor.

As the number of Maine people needing direct care grows in the coming years, the demand for workers in nursing assistance, home and behavioral health, and personal care will only increase. The challenges of meeting that demand will be exacerbated by the consistent churn in the workforce, as many workers leave direct care in search of better compensation and working conditions. According to a CWRI analysis, among a cohort of direct care workers who were paid below the median wage in 2019 and left the industry, they saw an average annual wage increase of $6,500 by 2021. Unless we choose to adequately value care workers, the current state of direct care and supports in Maine will further deteriorate in the coming years.

Expensive and unavailable care services cost consumers physical, financial security

When direct care workers are paid higher wages, client health outcomes improve — and when compensation is low and turnover is high, health outcomes decline.

The breakdown of the direct care ecosystem — represented by scarcity and high cost of available services — is a significant barrier to the physical and financial wellbeing of clients. This problem is particularly severe in Maine, which ranks 44th in access and affordability of long-term services and supports. The annual cost of home care services in Maine is over $65,000 per person per year, on average — nearly the annual income of a typical Maine household.

Because the cost of providing care services is high — and the availability of adequate government subsidies to shelter consumers from these costs is so low — too many consumers are forced to either forgo the care they need or sacrifice financial stability in favor of their physical health. If people are unable to afford the care they need, they may be at risk for worse health outcomes generally, hospitalization, and even homelessness. Without subsidies to offset high costs, clients will continue to face an unsustainable tradeoff between physical and financial wellbeing.

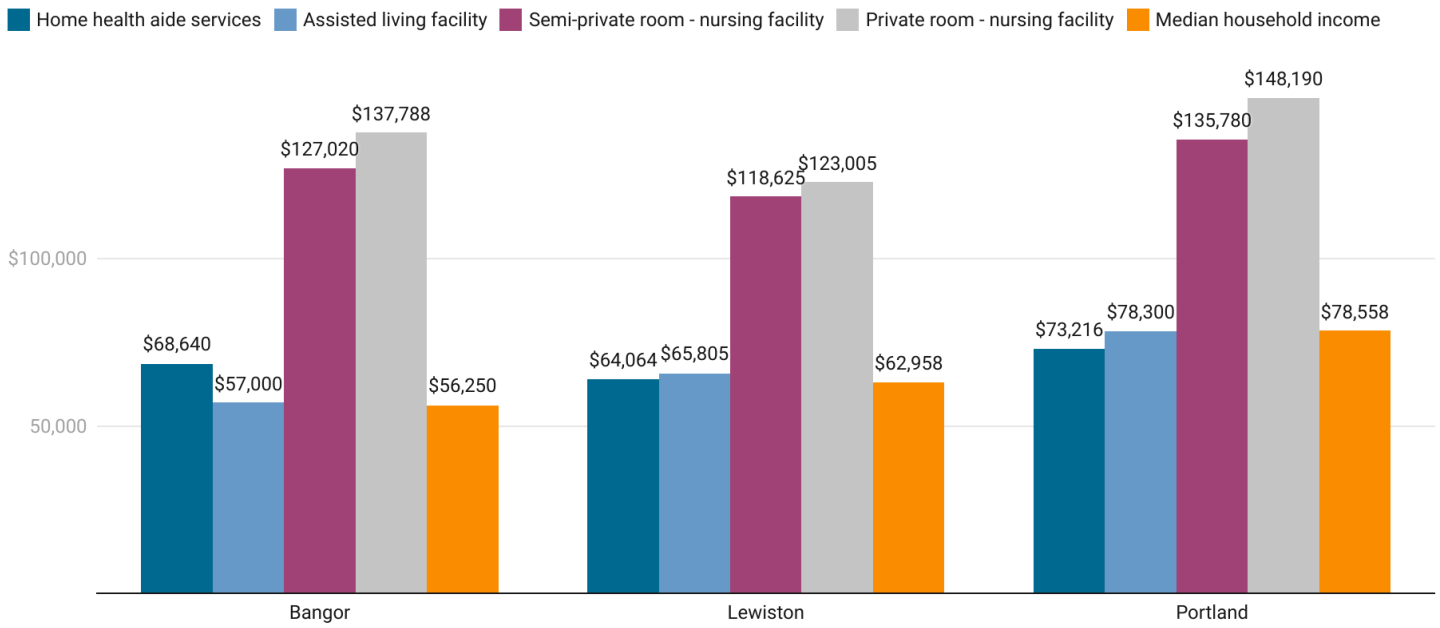
Although the cost to clients of care services is high, direct care workers do not usually earn livable wages. As a result, one in seven direct care workers nationally earn incomes under the poverty line, and nearly half rely on some form of social assistance to meet their basic needs. Because of the demanding job conditions and low pay, turnover among direct care workers is high, reaching up to 100 percent per year in some sectors even before the COVID-19 pandemic saw a surge of direct care workers leaving the sector.

When direct care workers are paid higher wages, client health outcomes improve — and when compensation is low and turnover is high, health outcomes decline. At-home care in particular is most effective when workers and clients develop a relationship, which is difficult when clients must rapidly cycle through different care workers who are being forced out of their jobs. Not enough workers to meet client demand means people aren't receiving the level of care they need — sometimes because workers can't spend enough time completing all the tasks clients need or fit the client into their schedules enough days out of the week. This absence of care can result in worse outcomes for the mental and physical health of clients.

Clients will continue to be caught in this dangerous double bind in the absence of increased government support for the direct care workforce. Providers will be torn between reducing the amount or quality of services provided or cutting staff pay — both of which are harmful to client health. And clients will be forced to sacrifice their health or financial stability to afford the care they need to remain in their homes.

Care services can cost more than the median family's yearly income

Location by metropolitan statistical area



SOURCE: MECEP analysis of data from US Census and Genworth

Inaccessible care services take financial, mental, and physical toll on families

Choosing between holding down a job or providing necessary care for a loved one can be impossible.

When people are unable to afford the care they need and don't have access to supports, paying for or directly providing care often fall upon the person's family, provided the person has family available to pick up this responsibility. One in six Americans age 15 and older — which works out to more than 186,000 Mainers, almost the combined population of Maine's five largest cities — report caring for an elder, and a similar proportion report providing care to an adult with a disability or illness. Women are impacted disproportionately since they make up a majority of both professional and informal caregivers. The responsibility of providing care can be a significant stressor to families, who may not have the time, energy, skills, or emotional fortitude required for caregiving, especially when in addition to other responsibilities like maintaining a job or raising children.

Caring for a loved one can require an enormous amount of work and take an equally sizable toll on the physical and mental wellbeing of caregivers. Caregiving is a highly skilled profession requiring technical knowledge of personal health and the health care system, physical strength, and significant emotional intelligence. While some exemplary informal caregivers may be able to meet these requirements, many others feel overwhelmed and grossly unprepared to meet the needs of their loved ones. These feelings of stress and inadequacy can cause burnout in the caregiver, damage the relationship between them and their family member, and sometimes result in mistreatment or even abuse of the care recipient.

A caregiver may drop out of the labor force to focus on their loved one if the stress of caring for someone while maintaining a job becomes too much. This is likely why more than one-third of people providing unpaid elder care report being unemployed. In addition to removing an immediate source of financial stability from the caregiver's family, exiting the labor force for an extended period can have major lifetime economic consequences. Research studying long-term unemployment shows people with lengthy gaps in their resumes are less likely to be hired in the future and report significantly lower lifetime earnings. Even more than five years after a bout of long-term unemployment, a person's wages may be depressed by almost a third or more than $10,000 per year on average. This also has the compounding impact of jeopardizing these informal caregivers' economic security later in life, as lower retirement contributions during their working years leaves them – overwhelmingly women – with more limited income in retirement.

Choosing between holding down a job or providing necessary care for a loved one can be impossible. Leaving the job to provide care risks both short- and long-term financial wellbeing. Meanwhile, maintaining the job risks the loved one receiving inadequate care while exacting a tremendous toll on the caregiver. Until care is more affordable and available, Maine families will continue to face this terrible tradeoff between their own physical, mental, or financial wellbeing and the wellbeing of their loved ones.

Direct supports and services workforce shortages isolate people with disabilities

Adequate staffing and support are crucial for people with disabilities seeking opportunity and community.

For people with disabilities, workforce shortages among providers of supports and services lead directly to increased levels of isolation. In recent years, providers for people with intellectual disabilities have often only been able to reach minimum staffing levels to ensure the safety of clients. This leads to a cascade of interconnected impacts such as preventing people from fully participating in communities, limiting their ability to explore new skills and interests, and depriving them of opportunities to work.

The Maine Association for Community Service Providers (MACSP), a statewide association of providers offering supports to people with intellectual disabilities, autism, and brain injuries, conducted a membership survey in January 2023 to better understand the issues facing their workforce and clients. Among the 50 organizational respondents which collectively employ more than 5,500 people in Maine, the results illustrate the dire situation:

- 86 percent of respondents reported having open staff positions, collectively amounting to 941 openings. If fully staffed, respondents projected they could provide supports to an additional 1,644 children and adults.
- In December 2022 alone, staff in non-group home settings worked a total of 6,600 hours of overtime, the equivalent of 165 full-time workers.
- 34 group home services providers reported that from October through December 2022, their employees worked a quarter of a million overtime hours to meet minimum staffing requirements, the equivalent of 521 full-time workers.
- In addition to often being able to staff only to meet safety requirements rather than their clients' full needs, nearly half of these organizations reported having to downsize, temporarily close or permanently shut down programs in the last year. The primary cause was overwhelmingly identified as staffing issues stemming from inadequate reimbursement rates. MACSP estimates over the past three years its members have lost about 30 percent of its direct support professional workforce.

With adequate staffing and supports, people with disabilities can more successfully integrate into their communities and seek opportunities to develop skills and enter vocational rehabilitation, which leads to gainful employment. Instead, staff shortages mean a growing number of adults with disabilities are experiencing a life of greater dependency and greater isolation from their communities.

The breakdown of the direct care industry costs Maine employers and economy millions of dollars each year

Our collective failure to adequately support direct care workers is keeping nearly 8,000 people out of Maine's labor force.

The fallout from Maine's crumbling direct care system impacts not only clients and their families but the entire economy. When family members exit the labor force to care for a loved one, this incurs costs to their employers — in the form of employee turnover — as well as to the state's broader economy — in the form of foregone productivity. While varying across industries, this adds up to millions of dollars in direct and indirect costs to Maine businesses each year.

The impact of the direct care workforce crisis on Maine's economy highlights the significant yet rarely acknowledged costs of continuing to allow the situation to worsen. Our collective failure to adequately support direct care workers is keeping nearly 8,000 people out of Maine's labor force (see Methodological Note 1). In addition to these workers no longer being able to provide financial security for their families, their absence from the labor force likely means they're spending less money in local economies, financially harming businesses as well as the workers who rely on the businesses for income. Maine Center for Economic Policy estimates the number of adults missing from the labor force due to elder care results in foregoing over $1 billion in state GDP each year. This calculation does not include costs from adults out of the labor force due to caring

for people with behavioral health challenges or intellectual or developmental disabilities, so the true economic costs of the direct care workforce challenges are likely higher.

Employers also face high turnover costs from employees leaving to care for loved ones. While the cost of replacing an employee varies depending on the industry and job type, on average each turnover costs an employer 40 percent of the employee's annual salary. Across the state, employee turnover stemming from a need for elder care costs Maine employers upwards of $9 million per year (see Methodological Note 2). Even when care-providing employees remain working, the stress of caregiving can lower employee productivity. Due to a lack of data, these are only the costs related to a lack of elder care. When factoring in adults who care for people with behavioral health challenges or intellectual or developmental disabilities, total turnover costs to Maine employers are likely higher than this estimate.

While steep, these costs are not inevitable. By alleviating the immense strain placed on direct care workers and giving professional providers resources to deliver quality care to loved ones, Maine can make its families and economy stronger. Young adults are more likely to leave a job due to caregiving responsibilities, and it's estimated that for every three older people who receive professional care, one woman will be able to reenter the workforce. Getting more adults back into the labor force is especially important to reverse Maine's decades-long decline in labor force participation. In the absence of increased support for the direct care workforce, employers and the economy at large will continue to be held back from full potential.

Inadequate investment forces care workers to accept low compensation while costing providers millions of dollars

A significant proportion of direct care workers in Maine is not provided enough income to support themselves.

As a result of inadequate government investment in services for people who are aging, people with behavioral health challenges, and people with intellectual or developmental disabilities, employers providing these services struggle to find and keep enough workers to meet client demands, and workers in high-stress jobs receive low pay and limited or no benefits.

Service providers need to pay employees a sustainable, living wage to attract and retain a quality workforce. But because of the inadequate revenue they receive, providers cannot afford to increase employee compensation. As a result, more than eight in ten nursing homes in the country report staffing shortages. According to internal survey data by the Maine Association for Community Service Providers, 16 percent of positions across member agencies remain unfilled. Without increased government support for the direct care workforce, service providers, workers, and clients will all continue to suffer.

The burden the financial state of the direct care sector places on workers is difficult to overstate. Because care work is undervalued in our society, direct care workers are often paid less than people

with similar backgrounds and levels of education, and this pay is frequently not enough for the workers to provide for themselves. In Maine, the median hourly wage for direct care workers was $15.34 per hour in 2021. Similarly, the median wages for personal care staff and certified nursing assistants assisting people with behavioral health challenges were $13.90 and $16.28 per hour, respectively, in 2021. These wages have improved some since 2021 as recent legislation has aimed to increase the average wage for many direct care workers to at least 125% of the state minimum wage.

However, 125% of the state minimum wage, which comes out to $17.25 per hour in 2023, is only 72 cents more than the living wage for a single person with no children in Maine ($16.53 in 2023) and is far less than the living wage for a person with one dependent spouse ($25.90) or a single parent of one child ($34.84). These numbers indicate that a significant proportion of direct care workers in Maine is not provided enough income to support themselves. Because of this impossible financial predicament, two in five Maine direct care workers are in households with low income (earning less than twice the federal poverty line, or $29,160 per year for a single person living alone) and a quarter are unable to find affordable housing (defined as costing less than 30 percent of an individual's income). Direct care workers provide an invaluable service to Maine by ensuring our loved ones are taken care of, and they deserve to receive compensation that allows them to provide for themselves and their families.

While increasing direct care worker pay is necessary to fairly compensate these essential workers, increasing wages is not sufficient by itself. Direct care workers often don't have access to benefits like health insurance or paid time off. To help attract more direct care workers and ensure these jobs allow workers to support themselves, direct care jobs should provide at least a living wage along with the benefits that support their quality of life.

The ongoing care worker shortage driven by inadequate government investment may cost providers more in the long run than simply paying

Testimonial: Leah McAlpine

Leah McAlpine is a Direct Support Professional (DSP) at OHI. Having been in the field for nearly 30 years, she has worked in many positions providing care and support services. Today, she is a full-time float DSP.

"We have people who sometimes require two staff to get them out into the community, and to have enough workers to make that happen is a rare thing. We're covering staffing levels enough to keep individuals in the home, but just getting out to a resident's doctor appointment frequently requires pulling staff from one home to another to make that trip possible. Residents understand the impact of the shuffling we're trying to do and immediately begin to worry they'll be impacted, too. We struggle to make the bare minimum happen getting to doctor appointments as an example. We don't have the capacity to do the fun things that keep residents connected to their communities. We can make it happen every once in a while, but it's not happening like it should and is supposed to be.

There is a lot of misunderstanding about what we do. This impacts the residents we care for directly. They're constantly having to go through someone new learning how to take care of them, rehashing medical histories and needs, and having to explain themselves over and over again. Residents deserve those long-term relationships developed when workers are present consistently and over time. Direct care jobs and what we do is so unique — we are present for every part of someone's day and help them actively participate in their lives. I've wanted to do this job since I was in third grade and that's exactly what I've done my entire career. This is where the magic is and I love being a DSP."

employees a sustainable wage. Turnover costs alone cost Maine providers an estimated $50 to $75 million each year (see Methodological Note 3). To cover some of the chronic labor shortage, providers may turn to staffing agencies that provide short-term workers. While this temporary staff may provide a band-aid solution to the immediate lack of workers, they also cost care providers significantly more than traditional employees. Because short-term staff do not require the same upfront, ongoing investments as well-compensated full-time employees, care coordinators will continue to rely on them even if it costs more in the long run unless government reimbursement rates are reliably increased to allow for adequate worker pay. Similarly, because employers cannot find the staff necessary to safely meet clients' needs, employers may turn to their existing staff to work overtime hours. Survey data from MACSP show that the average number of overtime hours among member organizations in December, 2022, was 6,000 (equivalent to 165 full-time positions). This level of overtime is not supported in current reimbursement rates, however, leaving direct care employers to foot these costs themselves with the meager surplus resources they have available.

Already facing extremely low or negative profit margins, care providers are limited in their ability to sustainably remedy this situation by providing employees with a living wage and attractive job benefits or investing in program improvements. Since direct care workers are paid inadequate wages for such difficult, stressful work, there is little incentive for them to remain in their jobs for any reason other than a deep, sincere desire to care for others. This compassion should be met with support — in the form of higher wages and job benefits such as health insurance and paid time off — equivalent to the support they provide all of us. In order for care providers to guarantee adequate wages and benefits to their workers, government reimbursement rates will have to be raised to reflect the cost of properly compensating workers.

Fairly compensating care workers would also advance racial and gender justice as workers are overwhelmingly women and disproportionately immigrants and people of color. Historically, care labor has been seen as "women's work" and relegated to the informal, unpaid sector of the economy. When this work had to be done professionally, it was traditionally the task of immigrant women and women of color who could be severely underpaid due to discrimination and economic marginalization. Creating a care economy that works for all of us — workers, clients, and families alike — means reckoning with how we view and value the people who support us all.

Testimonial: Emily Curry

Emily Curry is a Certified Residential Medication Aide (CRMA) working in assisted living. She has been at her current job for almost eight years.

"I love working with the elderly, making a difference in their daily lives, bringing a little joy and laughter into their lives. I pass medications, help with activities of daily living, and do laundry, pass food trays, and light housekeeping. I wear a different hat every day to keep my residents on their toes and make them laugh.

Have I ever thought of leaving? Yes, I think about it often. I have been told that I have capped and will never get another raise as I 'make too much,' which can feel very defeating with cost-of-living inflation. I had to get another full-time job taking care of my adult child with autism to supplement my income because I do not make enough at this job to support my family. Because I have multiple sclerosis and we are all expected to stay for mandatory overtime, I have had to get a doctor's note saying I can't stay past eight hours for my own health, although I am expected to stay longer even with the note, just not more than an hour or two. Any incentives we had before and when I was hired have disappeared. It is the love of my clients and coworkers that keep me where I am."

Direct care workforce shortages place undue strains on clients, health care system

Underinvesting in care leads to far greater social, financial, and health costs for hospitals and patients.

Policymakers face the challenge of how to use finite resources most efficiently along the wide continuum of care. For older adults, this spectrum ranges from lower-cost options such as adult day and homemaker services to more costly care in assisted living and nursing facilities. While paying for home care or adult day services out of pocket is untenable for most households, the cost is relatively modest compared to care in a hospital or nursing facility. People increasingly choose to remain more independent and at home whenever they can, which tends to be associated with lower costs. By properly investing in the workforce to ensure the availability of relatively lower cost options such as home care and adult day services, Maine can create breathing room throughout the care continuum. The goal is to use resources as efficiently as possible while ensuring each of us has the ability to choose what best meets our needs.

Underinvesting in care leads to far greater social, financial, and health costs when it undermines the ability of hospitals to provide health care for acute illnesses. Severe direct care workforce shortages have caused people who are ready to move to more suitable and lower-cost settings to be stuck in hospitals. The lack of nursing assistants, home health aides, and other direct care workers causes worse health outcomes for those individuals, prevents others from getting the acute care they need, and deprives hospitals of capacity and needed revenue.

"Delayed discharges" occur when someone who has been deemed appropriate for continuing care in a non-hospital setting continues to occupy a hospital bed. These delays occur when direct care and support workers are not available to support a person's ability to safely return to home or when nursing facilities are closed or operating at lower capacity due to inadequate staffing. Delayed discharges have a ripple effect across the entire health care system. On the individual level, they have been associated with myriad negative outcomes for the person awaiting discharge, including increased rates of infection and injury, depression, and social isolation. When people outstay their acute care need, the care they receive is no longer optimal; delayed hospitalizations of older people are associated with a decline in long-term health.

Furthermore, delayed discharges prevent hospitals from admitting new patients who need acute care and from generating needed revenue. For example, Medicare does not compensate for patients' prolonged hospital stays. A recent American Hospital Association analysis suggests the average length of stay across all patients in hospitals increased by 19 percent in 2022 compared to 2019; and the average length of stay for patients being discharged from acute care hospitals to home health agencies grew 12.6 percent and to skilled-nursing facilities by 20 percent. One study from the US found the average duration for a delayed discharge was 17 days and came at a cost of more than $31,000. Conversely, a recent study found home health care represents a significant opportunity to reduce preventable adverse effects and costs following hospital discharge, estimating home health care after discharge saved an average of $6,433 per patient over the year and decreased the risk of re-hospitalization and death.

One view into the cost of delayed discharges comes from Maine's Long-Term Care Ombudsman Program

(LTCOP), which advocates on behalf of long-term care consumers. In fiscal year 2022, LTCOP received 217 referrals from hospital patients facing barriers to finding suitable care outside the hospital setting, a fraction of the full number statewide. For nearly two-thirds of these people, it took more than 30 days after referral to LTCOP to be discharged. More than one-third of all referrals took longer than 60 days to resolve.

Maine Medical Center, which is licensed for 700 beds, noted in early March 2023 the hospital had about 50 people under its care who no longer need to be hospitalized but are stuck awaiting an alternative care setting. Eastern Maine Medical Center created a 27-bed discharge unit in response to ongoing delayed discharges that as of early March 2023 was full and had a waiting list. According to Northern Light Health, across the system's hospitals, the cost of delayed discharges from October 2022 through late March 2023, nearly six months, totaled $13.6 million and amounted to approximately $63,000 per person.

Testimonial: Melinda Ward

Melinda Ward is the President and CEO of OHI, a Maine-based nonprofit offering mental health and intellectual and developmental disability services in the Greater Bangor Area.

"OHI has a staff retention average of greater than six years, which illustrates the dedication of our employees. When fully staffed, OHI employs about 340 people. While the pandemic certainly impacted us, our recruitment and retention problems existed well before March 2020. Although we didn't have as many openings then as during the pandemic, we typically confronted 40-50 open positions. At one point during the pandemic, we experienced 80 openings a month. There were weeks when up to an additional 40 staff were out sick with COVID or COVID-like symptoms.

For the people we support, sometimes that meant they didn't have as many staff as needed or they were unable to go into the community when or where they wanted. Supervisors, who were working the open hours to maintain required support and keep people safe, were and are thoroughly exhausted.

In the 42 years I've worked for OHI, the primary reason employees leave has remained the same — pay and benefits. If we could pay a higher hourly wage, we most certainly would. Unfortunately, we have no control over the reimbursement rates and how often or how soon those are adjusted.

The recruitment and retention bonuses we were able to give last year helped. The recent cost of living increase helped. We instituted bonuses for staff who picked up additional hours. We paid an additional hourly wage for staff who worked with individuals who were diagnosed with COVID. We merged homes and reduced the need for staff. We stopped accepting referrals for openings in homes because we did not have sufficient staff. We were and still are so far behind local businesses with our entry level wages that our options are paying overtime and excessive advertising costs to ensure staffing levels are met. The workforce shortage is not over. It continues to this day."

Workforce challenges due to underinvestment cost state and federal budgets more than $70 million per year

The state is losing an estimated $13.2 million in income, sales, and excise tax revenue due to people who are not working due to direct care obligations.

As noted previously, **the failure to adequately invest in direct care and support workers is keeping nearly 8,000 Mainers out of the labor force.** In addition to the toll on these individuals and their household earnings, there is a significant cost to the State in lost tax revenue.

The amount of lost revenue depends on the potential income of people who would otherwise be working. Assuming the average potential earnings of people who are not working due to direct care obligations is at the 40th percentile for all Maine earners, or $36,760 per year, based on average effective tax rates, the state is losing an estimated $13.2 million in income, sales, and excise tax revenue.

The lost federal tax revenue is much greater. The Institute on Taxation and Economic Policy finds workers who earned between $24,000 and $43,000 in 2020 paid an average of 11 percent of their incomes in federal taxes. Using the same potential annual earnings as above ($36,760), the absence of the nearly 8,000 workers from the labor market due to care responsibilities costs the federal government an estimated $34.2 million per year.

Finally, low wages lead significant numbers of care and support workers in Maine to rely on public assistance programs such as the Supplemental Nutrition Assistance Program (SNAP), MaineCare and Temporary Assistance for Needy Families (TANF). According to the US Census Bureau's American Community Survey, 20.5 percent of direct care workers in Maine are enrolled in SNAP, compared to just 7.4 percent of all workers. With the average cost per SNAP benefits at $1,410 per year, the disproportionately high enrollment rates among direct care providers compared to all other workers represent a cost of roughly $4.5 million per year.

Similarly, 18.4 percent of Maine's direct care workers are enrolled in MaineCare, compared to 7.4 percent of all workers. With the average cost per person enrolled in expanded MaineCare at $6,719, the cost of direct care workers' disproportionate reliance on MaineCare is approximately $18 million per year. Finally, direct care and support workers in Maine are paid an estimated $1.48 million in TANF benefits, often referred to as welfare.

Taken together, the public cost of undervaluing caregiving and care workers — including lost state and federal taxes and higher rates of enrollment in MaineCare, SNAP, and TANF programs — amounts to more than $70 million each year.

It should also be noted that investing more in Maine's direct care workforce would partially pay for itself. Like most people with lower income, direct care workers tend to spend a greater portion of their income on clothing, food, health care, and in other sectors that stimulate local economies, whereas workers with higher income tend to save more. Every additional dollar invested in wages for care workers would result in a greater increase in economic activity. Researchers have posited multipliers for care worker investments between 1.17 and 1.8, suggesting every dollar spent on care workers results in between $1.17 and $1.8 in economic activity.

Conclusion: public and private support is necessary to fix this problem

The problems facing the direct care workforce in Maine can be solved by coordinated action from all sectors of society to give service providers the support they need to support our loved ones.

The primary responsibility lies with the government, which controls reimbursement rates available to service providers and subsidies for families to afford care. The private sector also has a role to play in lending support to the family members forced to provide unpaid, informal care to their loved ones. Direct care employers must also commit to doing all they can to support and adequately compensate their workers. And the general public can address the crisis as our society's perception of care work — rooted in sexist and racist ideals of which types of labor are valuable, as well as ageist and ableist ideals of which types of people are valuable — creates the environment in which people are allowed to work in substandard conditions.

We can all do something to fix the fundamentally undervalued direct care workforce. And until we act decisively to address the issue of poor worker compensation and low provider reimbursement, we all will continue to suffer the consequences.

Care and support workers will suffer the indignity of receiving poverty wages in exchange for strenuous work. Care providers will suffer the stress of being unable to provide quality, affordable services to clients while maintaining a healthy, stable, qualified workforce. Clients will suffer from inability to afford these services and from receiving inadequate care from an overworked, underpaid workforce. Families will suffer from the stress of having to fill this care vacuum, costing them their physical, mental, and financial wellbeing in the process. Employers and the state economy will suffer the costs of increased staff turnover and decreased productivity, and needs will go unmet when caregivers are unavailable. Hospitals will suffer the cost of delayed discharges that limit their ability to address acute needs and strain their budget. People who need emergency or elective hospital care will continue to have to wait longer for an inpatient bed. Maine state government will forego critical revenue that could go towards addressing any of our many pressing needs.

These costs are high and mounting. The price of failing to act now is too steep. Legislators and advocates across the state have begun to wake up to this reality, but more work remains to adequately bolster the foundations of this crucial sector of our economy before the structure gives way.

Methodological Notes

[1] Foregone economic activity due to elder care: To estimate the percentage of the labor force missing due to elder care, our calculations used data from the Census Bureau's Household Pulse Survey, averaging the responses between February, 2022, and February, 2023, which found that 2 percent of nonworking Mainers report caring for an elder as their primary reason for not working. This percentage was then used in comparison with the size of Maine's labor force from the Bureau of Labor Statistics' "Employment status of the civilian noninstitutional population" report and Maine's labor force participation rate as reported by the BLS to estimate the total number of potential workers outside of the labor force due to elder care responsibilities. This number was then multiplied by Maine's GDP per worker, using GDP estimates from the Bureau of Economic Analysis to find the total GDP lost from elder care providers outside the workforce.

[2] Costs of turnover to the economy: To find the costs of employee turnover due to elder care responsibilities to Maine employers, our calculations used average, per-worker turnover costs (measured as a percentage of the employee's salary) by occupation as reported in a literature review by the Washington Center for Equitable Growth; the number of Maine workers in each occupation and the occupation's mean annual salary from the Bureau of Labor Statistics' Occupational and Wage Statistics May 2021 report; the estimated rate of occupational exits to the labor force from the Bureau of Labor Statistics' Employment Projections, Table 1.10; and the authors' estimates of the percentage of annual exits from the labor force that are due to elder care responsibilities, which is assumed to be equal to the percentage of Mainers who report not working primarily due to elder care, as reported by the Census Household Pulse Survey averaged between February, 2022 and February, 2023. Multiplying all of these numbers together for each occupation resulted in the per-occupation costs of turnover due to elder care responsibilities, and adding the turnover costs of each occupation provided the estimate for the total turnover costs of elder care to Maine employers.

[3] Turnover costs to care providers: To estimate the aggregate costs of employee turnover to Maine's direct care providers, the authors used per-worker turnover costs as reported in a literature review by the Washington Center for Equitable Growth. These costs were updated for inflation and multiplied by the estimated rates of direct care worker turnover and the number of direct care workers in Maine, both of which came from PHI.

[4] Cost to state and federal budgets: To estimate costs to state revenue, we use Maine Revenue Services Tax Expenditure Report, 2022-23, Appendix E, Table 3 for effective sale, excise, and individual income tax rates for workers at the 40th percentile. To estimate costs to federal revenue, we use the Institute on Taxation and Economic Policy's Incomes and Federal, State & Local Taxes in 2020 data from its Who Pays Taxes in America in 2020 report, using the average federal taxes as a percentage of income for the 2nd quintile of income. To estimate costs of MaineCare and SNAP, we analyze enrollment using the US Census Bureau's 2015-2019 American Community Survey's 5-year data via Integrated Public-Use Microdata System (IPUMS) using occupation codes for Nursing, Psychiatric, Home Health, and Personal Care Aides (codes 3600 and 4610). We compare enrollment rates for direct care workers compared to rates for all workers and multiply the differential by the total number of statewide direct care workers and the average annual cost of Medicaid and SNAP per enrollee in 2019, the last year of the survey data. To estimate the cost of TANF, we identify welfare income using the same survey data and occupation codes via IPUMS.

About Maine Center for Economic Policy

Maine Center for Economic Policy (MECEP) is a nonprofit research and policy organization dedicated to economic justice and shared prosperity by improving the well-being of Mainers with low and moderate income. Since its founding in 1994, MECEP has provided policymakers, advocates, media organizations, and the public with credible, rigorous research and analysis. MECEP is an independent, nonpartisan organization.

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