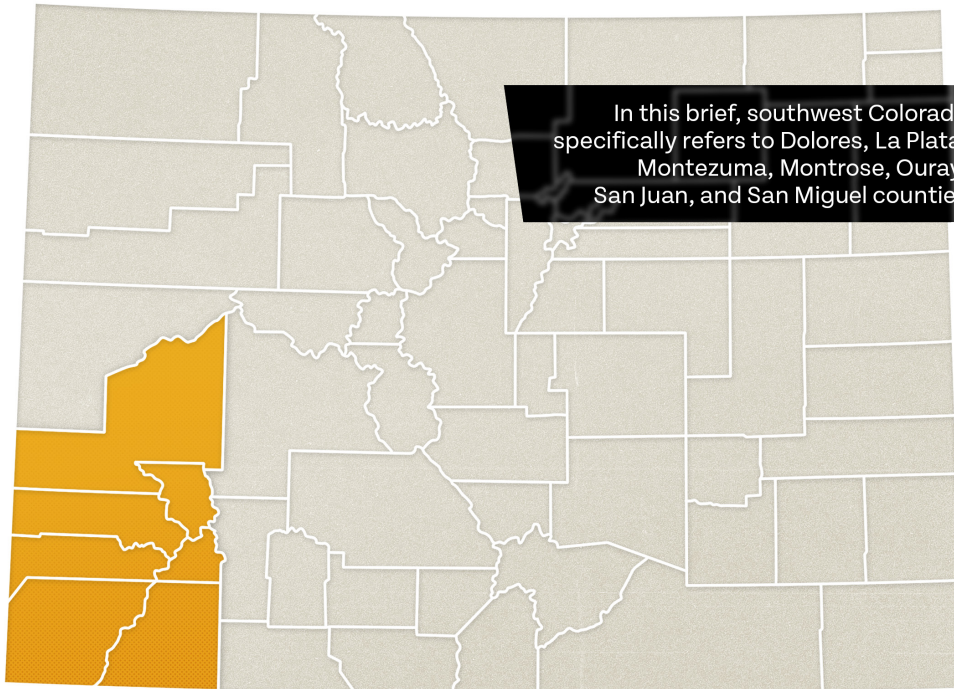




Policy Supports for Colorado’s Caring Workforce

Colorado has a long-term care crisis, specifically as it relates to support provided in home and community settings. As the Bell has [long documented](#), including in our 2021 inaugural [State of Aging Report](#), demand for in-home care is growing faster than the paid workforce capable of providing needed support. While a statewide problem, the issue manifests differently in various parts of Colorado. In this brief, we explore the care crisis, particular nuances relevant to southwest Colorado, and potential policy solutions.



In this brief, southwest Colorado specifically refers to Dolores, La Plata, Montezuma, Montrose, Ouray, San Juan, and San Miguel counties

Background

Home and Community-Based Services (HCBS) fall under the broad umbrella of [long-term services and supports](#), and involves assisting individuals, primarily older adults and those with disabilities, with daily activities like eating, bathing, and dressing so they can remain in their home and community. The paid professionals who offer most HCBS care are broadly referred to as direct care workers, a category predominantly inclusive of certified nursing assistants, home health aides, and personal care aides. You can explore the differences between these workers in a [prior brief](#) by the Bell.

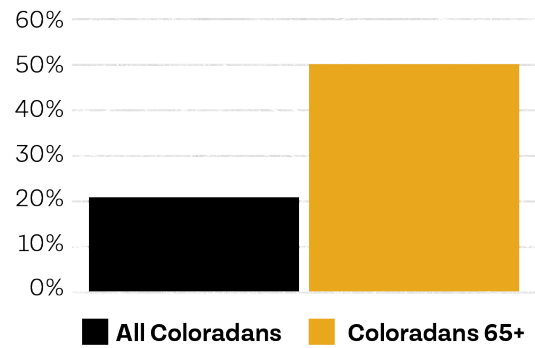
HCBS and the services provided by direct care workers are essential for two prime reasons: this care helps people remain in their homes and communities, which is [preferable for most individuals](#); and care provided in one’s home is far [less expensive than the institutional support](#) offered in facilities like nursing and assisted living centers.

A Massive Workforce Crisis

Most people—[approximately 70 percent](#) of those who reach the age of 65—will need some type of support as they age. As Colorado is the [second fastest aging state in the country](#), the demand for HCBS is expected to accelerate in the coming years.

Concerningly, despite long-standing recognition regarding the need to grow this workforce, there is a current [shortage of direct care workers](#). This is due in part to the state's historic inability to recruit and retain enough direct care workers to keep pace with our aging population.

Expected Population Growth in Colorado 2022-2040



Source: Bell analysis of State Demographer data

Increase in the Number of Direct Care Workers in Colorado vs Increase in the Number of Adults 65+ (2015 – 2019)

Increase in 65+ Population	20%
Increase in Number of Direct Care Workers	3%

Source: Bell analysis of Colorado State Demographer & ACS 2019 five-year data

To simply maintain the current number of direct care workers per Coloradan age 65 and older, Colorado will need to grow this workforce by approximately [23,000 workers](#) through 2030. This constitutes a 40 percent increase in the current size of the workforce. For individual Coloradans and their families, this ongoing worker shortage will likely mean a diminished ability to age in the way they find most meaningful.

Inadequate Medicaid Reimbursement Rates: A Central Workforce Challenge

[A myriad of issues](#) underpin Colorado's challenge in recruiting and retaining enough direct care workers. Workers do not make a living wage, the benefits are poor, training is often inadequate, and many simply feel their work is undervalued. While not the sole factor, low Medicaid reimbursement rates are behind many of the above-mentioned challenges. [Most HCBS](#) are funded through Medicaid (57 percent of costs), a joint state-federal program that provides health care for individuals with low incomes. Both private insurance and out-of-pocket payments constitute significantly lower funding sources (12 percent and 7 percent respectively). This reality makes the adequacy of Medicaid funding a linchpin in the provision of HCBS.

Care through Medicaid is provided by private agencies, which are in turn reimbursed for their services at a prescribed rate. These rates are meant to cover the holistic cost of care, which can include:

- Wages, benefits, and training costs for both care workers and indirect support staff
- Facility repair, maintenance, and utility costs
- Medical equipment and supplies
- Administrative expenses

While the state legislature is the ultimate decision-maker regarding Medicaid reimbursement rates, elected leaders are heavily reliant upon rate setting recommendations from the [Colorado Department of Healthcare Policy and Financing \(HCPF\)](#).

It is widely acknowledged that Medicaid reimbursement rates for HCBS are not reflective of what it takes to sustain a stable direct care workforce, but are instead based upon what the state can afford. Providers have long noted reimbursement rates are [too low](#), and are a significant contributor to their inability to offer the meaningful wages, benefits, and training needed to ensure quality, continuous care.

Colorado Medicaid Reimbursement Rates and Median Wages for Personal Care Aides (2016-2020)

Year	Hourly Reimbursement Rates	Statewide Median Personal Care Aide Wage	Statewide Median Hourly Wage
2016	\$17.00	\$10.84	\$19.09
2017	\$17.00	\$11.14	\$19.66
2018	\$17.52	\$11.68	\$20.34
2019	\$18.44	\$12.54	\$21.28
2020	\$18.44	\$13.83	\$22.52
2021	\$21.16*	\$14.38	\$23.05

*Note that number for 2021 reflect enhanced rates to help providers respond to the COVID-19 pandemic
Sources: Bell analysis of [Colorado Department of Health Care Policy & Financing Data](#) for the Elderly, Blind, and Disabled Waiver; and Bureau of Labor Statistics data

As illustrated in the chart above, personal care aides (a subset of direct care workers) in Colorado are paid well below the statewide median wage. It should also be noted that in 2018 (the last year the report was issued), personal care aide wages were almost two full dollars below that year's [self-sufficiency standard](#) for a single individual in Denver.

Specific Challenges in Southwest Colorado

While a statewide issue, certain challenges related to the direct care workforce are more prominent in southwest Colorado. In addition to the near-universal obstacles of securing adequate wages, benefits, and training, this workforce is stretched thinner due to the area's dispersed population. [Three of the counties](#) in southwest Colorado (Dolores, San Juan, and San Miguel) are classified as frontier, meaning they have [six or fewer people per square mile](#). The other four counties are classified as rural, and have populations of less than one hundred but greater than six people per square mile. As seen in the chart below, though western Colorado has more direct care workers per Coloradan 65 and older, it has significantly fewer caregivers when analyzed on a per square mile basis.

Distribution of Direct Care Workers in Colorado

	Coloradans 65+/Direct Care Workers	Direct Care Work/Square Mile
Statewide	15	.5
Eastern Plains	10	.1
San Luis Valley	7	.2
Central Mountains	26	.1
Western Slope	21	.1
Front Range	15	3

Source: Bell analysis of 2019 ACS & state demographer data

Concerningly, the unique costs associated with providing care in a less densely populated part of the state are not accounted for in Medicaid reimbursement rates. Most notably, current rates do not reimburse for transportation costs, like gas or wear and tear on one's vehicle. The upshot of this oversight is that providing care in certain portions of western Colorado can quickly become financially unsustainable due to inadequate financial support.

Policy Options to Support Direct Care Workers in Southwest Colorado

Colorado needs robust statewide action to address the direct care worker shortage. Below, we explore several policy options, which can be specifically tailored to meet the unique needs of southwest Colorado and employed to address this crisis.

However, before delving into these possibilities, it should be noted that the options highlighted below reflect the major concerns and issues identified by partners in southwest Colorado. These options, however, do not encompass the breadth of solutions needed to bolster this workforce. As we note in our [Actionable Aging Policy Agenda](#), there must also be a simultaneous focus on credentialing, career pathways, and better worker conditions and protections. The options below however, provide an important suite of policies geared toward the immediate workforce needs in southwest Colorado

Tailored Medicaid Reimbursement Rates

In addition to their general inadequacy, HCBS Medicaid reimbursement rates are also challenged by the fact they, for the most part, are not geographically based (Denver is an exception, as their reimbursement rates are specifically calculated to account for recent minimum wage requirements). As a result, the rates do not take into account the unique employment, cost of living, travel, and other expenditures reflective of Colorado's local diversity.

To address these dual challenges—the general inadequacy and untailored nature of rates—the state can increase HCBS reimbursement rates with the express intent of ensuring adequate wages, benefits, training, and agency costs; but do so on a geographically-specific basis.

We estimate such a reimbursement rate for personal care aides in San Miguel county would be \$26.45/hour and \$23.20/hour for Montrose county. Notably, these rates are 25 to 10 percent higher than the 2021 state reimbursement rate. A detailed explanation of how these estimations were calculated can be found in Appendix A.

Notably, over 70 percent of the calculated reimbursement rate is attributable to ensuring adequate worker wages. This increase would not only ensure living wages for these workers, but would also help with recruitment. Many providers note that current low wages and benefits lead many potential workers to look elsewhere for similarly paid, but less strenuous, employment.

Southwest Colorado Median Hourly Wages, 2021	
Personal Care Aide	\$14.12
Community Health Worker	\$18.51
Customer Service Representative	\$14.48
Fast Food Worker	\$13.83
Food Server	\$14.38
Maids and Housekeeping Cleaner	\$14.37
Secretaries & Administrative Assistants	\$17.87

Source: [US Bureau of Labor Statistics](#)

Reimbursement for Travel Costs

In addition to changes in this hourly reimbursement rate, the state can incorporate travel costs into the reimbursement rate schedule. The federal government currently utilizes a reimbursement [rate of \\$.625/mile](#).

Support ‘Grow Your Own’ Programs

Simply increasing Medicaid reimbursement rates and reimbursing for travel costs will likely not solve the care worker shortage in southwest Colorado. As noted by providers in the area, even when travel expenses are reimbursed, some workers remain reluctant to travel long distances to provide care.

To address this challenge, in tandem with adjusting Medicaid reimbursement, the state can support local ‘Grow Your Own’ programs designed to increase the number of providers in specific local communities. If successful, these programs could help to address shortages in less densely populated areas of southwest Colorado. In developing these programs, the state can learn from the experiences of similar efforts meant to grow the number of [teachers](#) and [medical workers](#) in rural Colorado.

Uplift the Value of Direct Care Workers

Finally, many workers say they feel [undervalued](#) and underappreciated by the broader community. To raise public awareness and appreciation for this difficult work, the state can conduct a public awareness campaign to uplift the work and value of these individuals. Notably, thanks to a recent influx of federal dollars, the state is planning to [carry out such a campaign](#). As the state does so, it should make sure to engage with and solicit the perspectives of those from communities outside the Front Range.

While a public awareness campaign will not lead to an immediate influx of additional resources, such an effort has been supported by providers and workers alike for its long-term potential in capturing the attention of policymakers.

Direct care workers throughout Colorado play an essential role in helping thousands of Coloradans remain in their homes and communities. However, a range of issues plague this workforce, with low Medicaid reimbursement rates being a main concern. The state however, can take action to support these essential workers. In doing so, policymakers must account for the unique challenges and opportunities specific to different areas of the state. By doing so, we can make progress in creating a Colorado where everyone, regardless of where they live, can thrive.

Appendices

Appendix A: Hourly Personal Care Aide Medicaid Reimbursement Rate Calculations		
	San Miguel County	Montrose County
Wages, Benefits, and Training		
Direct Care Workers		
Wages	\$18.81	\$16.49
Required Taxes	\$1.68	\$1.47
Benefits	\$2.67	\$2.34
Training	\$0.24	\$0.24
Direct Care Worker Costs	\$23.40	\$20.54
Support Staff		
Wages	\$1.45	\$1.27
Required Taxes	\$0.13	\$0.11
Benefits	\$0.21	\$1.56
Support Staff Costs	\$1.79	\$1.79
Subtotal Direct Care Worker & Support Staff	\$25.19	\$22.10
Other Expenses		
Administrative, Overhead, & Equipment Costs	\$1.26	\$1.10
Total	\$26.45	\$23.20

Explanation of cost assumptions

- **Wages, benefits, and training: Direct care workers**
 - **Wages:** Based upon MIT’s Living Wage calculator. In this analysis, wages are based upon the self-sufficiency needs of a single individual.
 - **Employer taxes:** Based upon information from the BLS 2018 Employer Cost for Employee Compensation. This category includes required taxes, and include Social Security, Medicare, federal and state unemployment insurance, and workers compensation. Employer taxes are estimated at 8.9 percent of wages. This is the average for service workers in the United States.
 - **Benefits:** Based upon information from the BLS 2018 Employer Cost for Employee Compensation. Benefits in this category include vacation, holiday, sick, and personal leave; life and health insurance; short and long-term disability; and a defined contribution retirement account. Benefits are estimated at 14.2 percent of wages. This is the average for service workers in the United States.
 - **Training:** Using previous studies, it is estimated annual training costs per direct care worker are approximately \$500/year. To identify the hourly cost, it is conservatively assumed direct care workers are working 40 hours/week and 52 weeks/year.

- **Wages, benefits, and training: Support staff**

- **Wages:** Estimates are based upon the following assumptions: 1) If direct care worker wages increase to the self-sufficiency standard, the wages of the support staff will increase as well. It is assumed that the percentage difference in current wages between direct care and support staff will be maintained; and 2) On an hourly basis, support staff are supporting 20 direct care workers; as a result, hourly wages for these workers are divided by 20. Wage information comes from Bureau of Labor Statistics Colorado data for 2021.
- **Employer taxes and benefits:** Based upon the same tax and benefits information used for direct care workers.

- **Other expenses:**

- For the sake of simplicity, it is assumed that combined facility, administrative, and overhead costs are 5 percent of all other costs (in this case this includes worker wages, benefits, taxes, and training). That percentage was chosen because it is at the low end of administrative expenses allowable by the federal government in many grants. However, a more complete analysis with currently unavailable data would likely provide a more accurate cost of care.