



**Essential Jobs, Essential Care Steering Committee (EJEC)**  
***A collaboration to help address NC's direct care workforce crisis***  
**Proposed NC Medicaid Rate Analysis Overview**  
**2/22/2024**

**THE ISSUE**

Hundreds of thousands of North Carolinians depend on Medicaid-funded long-term services and supports (LTSS), such as nursing facility care, care in adult care homes and home care, provided through services such as Personal Care Services and the CAP/DA program.<sup>1</sup> The capacity to provide quality services hinges on a strong and appropriately supported direct care workforce—the people who provide the "hands on" assistance with support needs like bathing, eating, dressing and using the bathroom to older adults and people with disabilities.

**An Undervalued Workforce:** In NC, women comprise over 90% of this workforce, with nearly 60% being people of color.<sup>2</sup> Having roots in domestic work, this workforce has been historically devalued, resulting in persistently low wages for work now broadly recognized as "essential" to supporting our state's ever-growing aging and disability population. The median wage for NC's direct care workforce is \$13.62.<sup>3</sup> Our state's direct care workforce is already in crisis and is anticipated to get worse, with over 182,000 anticipated direct care job openings between 2020 and 2030.<sup>4</sup> Nationally, the demand for direct care workers is anticipated to grow by 45% between 2020 and 2035.<sup>5</sup>

**WHY WE MUST ADDRESS WAGES NOW**

Recent efforts by the NCGA to address low wages within the direct care/support workforce are promising and validate the crisis we are experiencing. However, the efforts to date do not address the current and ever-growing workforce crisis in a comprehensive way, nor do they establish a process for ensuring wages and related service rates anticipate and remain responsive to the ever-increasing demand.

**We are therefore requesting the Department conduct a comprehensive rate analysis of its Medicaid-funded LTSS Services.**

EJEC members have concurrently raised this recommendation in other channels such as the NC DHHS Caregiving Workforce Strategic Leadership Council and the Multi-Sector Aging Plan work groups.

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<sup>1</sup> Based on data provided by [DHB at NC COA presentation in August, 2023](#). Request submitted for updated data.

<sup>2</sup> PHI Workforce Data Center, 2021 data. Available at: <https://www.phinational.org/policy-research/workforce-data-center/>

<sup>3</sup> PHI Workforce Data Center, 2022 data: <https://www.phinational.org/policy-research/workforce-data-center/#states=37&var=Wage+Trends>

<sup>4</sup> See PHI Workforce Data Center, <https://www.phinational.org/policy-research/workforce-data-center/#states=37&var=Employment+Projections>

<sup>5</sup> See National Center for Health Workforce Analysis, Long-Term Services and Support: Demand Projections, 2020- 2035, Exhibit 1A, November, 2022 <https://bhw.hrsa.gov/sites/default/files/bureau-health-workforce/LTSS-Projections-Factsheet.pdf>

We applaud the Department’s validation of our recommendation to conduct a comprehensive rate analysis in its recently published [Investing in North Carolina’s Caregiving Workforce](#). We offer this informal paper to provide supporting information and additional detail about this shared recommendation.

In addition to simply being the right thing to do, direct care workforce wages must be more fully examined now to address the current workforce shortage crisis and the “service tsunami” that will impact our state over the next several decades.

- **Wages must be examined to help address the current workforce crisis experienced within NC’s LTSS service delivery system.** Since 2020, NC has experienced a **decline** in employment within the home care, assisted living and nursing facility sectors, at a time when the need for these options is increasing.<sup>6</sup>
- **As our population ages, the demand for the LTSS workforce will increase while the supply will potentially decrease.** As NC’s Office of State Budget Management (NC OSBM) and NC’s Department of Health and Human Services (NC DHHS) recently published, “North Carolina’s older adult population (age 65+) is set to double to an estimated 2.7 million in 2040 (from 1.8 million today).<sup>7</sup> This will result in an exponential increase in the need for Medicaid-funded LTSS services. According to NC OSBM, NC’s older adult population is growing at more than double the rate of the overall population.<sup>8</sup> Importantly, direct care workers themselves, especially those in home care environments, are aging out of the workforce.<sup>9</sup> Simply stated, there may not be enough people to do this essential work in the future.
- **Elder family/informal caregivers continue to age, resulting in diminished capacity to provide essential informal support to adult children with disabilities.** For example, national data indicate that 67% of family members with an adult with I/DD living at home are over 55.<sup>10</sup> This dynamic is a chronic source of anxiety among families and people relying on aging informal caregivers for their support. It also raises an awkward but critical question: *without a sufficient number of support workers, what will happen to those people with disabilities when their informal caregivers die or need support themselves?*
- **Public and private markets are already responding to both the current and forecasted increased demand for workers frequently (though mistakenly) characterized as “entry level.”** As a result, the NC Medicaid-funded direct care workforce will be at increased risk of being “siphoned off” by other long-term care payors (e.g. the Veteran’s Administration) and by other industries.

## WHO WE ARE

The Essential Jobs Essential Care-NC effort is part of multi-state policy initiative supported by [PHI](#) that works to advance reforms related to the direct care workforce. Current EJEC efforts in NC are managed by the NC Coalition on Aging and underwritten by the Z. Smith Reynolds Foundation. The EJEC-NC Steering Committee (“EJEC” moving forward) advises on NC’s strategic direction in advocating for improved systemic supports for this essential workforce. A full membership roster is provided below. Comprised of workforce advocates, service providers, trade associations and individuals who

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<sup>6</sup> See Bureau of Labor Statistics, Quarterly Census of Employment and Wages. NAICS Industries 621, 6216, 6231, 623312

<sup>7</sup> As cited in November, 2023 OSBM post. Available at: <https://www.osbm.nc.gov/blog/2023/11/16/north-carolinas-older-adult-population-almost-double-next-20-years>

<sup>8</sup> See slide 10, [https://nccoalitiononaging.org/wp-content/uploads/2022/12/Aging-in-NC-12\\_2022.pdf](https://nccoalitiononaging.org/wp-content/uploads/2022/12/Aging-in-NC-12_2022.pdf)

<sup>9</sup> See PHI Workforce Index, using 201 Data, 33% of the Home Care Direct Care Workforce in NC is aged 55 or older. <https://www.phinational.org/policy-research/workforce-data-center/#states=37&var=Age>

<sup>10</sup> National Core Indicators Adult Family Survey (2021), as cited in [Community Supports in Crisis: No Staff, No Services](#). EJEC Proposed NC Medicaid Rate Analysis Overview, February 2024

rely on services, **this cross-disciplinary group has identified a comprehensive rate strategy as fundamental to addressing both the chronic wage and rate depression and to meet the unprecedented, forecasted growth in these services over the next several decades.**

#### **A Proposed Strategy for Helping Address the Issue: Rate Analysis and Strategy**

EJEC recommends the NC Department of Health and Human Services conduct a comprehensive rate analysis that results in a strategy to address the current and future direct care workforce demand of Medicaid LTSS services.

A successful analysis and resulting strategy includes:

1. ensuring current rates are actuarially sound, competitive with market rates and result in competitive wages for direct care workers while also covering the required programmatic and administrative costs;
2. examining the wage disparity caused by different service rate structures being applied to funding the same direct care worker cohort (CNA I); and
3. establishing a process that ensures NC Medicaid's LTSS rate structure and resulting wages can be responsive to the future, forecasted increased demand for LTSS services, which will further compound the current workforce crisis.

The analysis and resulting process would also be responsive to anticipated service and policy trends such as the increased use of self-directed services, efforts to improve rates and wages for direct care workforce training and credentialing and the pending [CMS Medicaid Access Rule](#).

In preliminary conversations EJEC held in late 2023, the state Medicaid financial leadership team expressed support for this concept, recognizing the issues previously outlined. The Medicaid team also recognized the value of groups across the LTSS community aligning behind a shared priority. However, the team also noted concerns about funding for this project and limitations in staff bandwidth to manage but agreed to continue the conversations.

The EJEC Steering Committee looks forward to continued discussion with the Department, the NCGA and the stakeholders directly impacted by this crisis. We request that efforts begin as soon as possible.

#### **PROPOSED TIMELINE**

- The EJEC Steering Committee requests the rate analysis to be conducted in 2024.
- The resulting rate analysis will inform related budget requests for SFY 2025-2026.

#### **NEXT STEPS**

- Confirm alignment with DHHS' workforce strategy and timelines.
- Establish cost projection and potential timeline with DHHS.
- MCAC Updates
- Establish ongoing EJEC/DHHS workgroup to support process.

## EJEC Steering Committee Current Membership

Brooke Baragona and Kathryn Bunn	SembraCare
Mary Bethel	NC Coalition on Aging
Amanda Borer	Duke University
Nathan Boucher	Duke University
Karen Brewer	NC Assisted Living Association
Erin Carson	NC Domestic Workers Alliance
Anna Cunningham	Advocate
Jon D'Angelo	Advocate
Lee Dobson	BAYADA
Trish Farnham	NC Coalition on Aging
Ted Goins	Lutheran Services
Jeff Horton	NC Senior Living Association
Bill Lamb	Friends of Residents in Long-Term Care
Sandi Lane	Appalachian State University
Peyton Maynard/Joel Maynard	NC Providers Council
Ana Pardo	NC Justice Center
Kezia Scales	PHI
Adam Sholar	NC Health Care Facilities Association
Kathie Smith	The Association for Home and Hospice Care of NC
Talley Wells/Melissa Swartz	NC Council on Developmental Disabilities

**Proposed Scope of Rate Analysis:** EJEC proposes the Department include the following NC Medicaid Services in its Rate Analysis.

<b>NC Medicaid-Funded Services</b>	<b>Direct Care Workforce Cohort</b>
Inpatient Acute (direct care)	Nurse Aide
Inpatient, Long-Term Care	Nurse Aide
Nursing Facility Services	Nurse Aide
CAP DA (Personal Care)	In-Home Aide
CAP Choice (Personal Care)	In-Home Aide, Personal Assistance Services
PCS (State Plan Personal Care Services)	Attendant Care Services/Personal Care Services
CAP C (Personal Care)	In-Home Aide, Personal Care Assistance
Home Health	Home Health Aide
Hospice (direct care component)	Nurse Aide
PACE (direct care component)	Nurse Aide
*Innovations	Inclusion subject to confirmation
*ICF/IDD	Inclusion subject to confirmation