Department of Labor Report to the House and Senate Appropriations Committees on the Direct Care Workforce

This Department of Labor (DOL or the Department) report is submitted pursuant to the following language on page 10 of Senate Report 118-84, which accompanied the Further Consolidated Appropriations Act, 2024 (Pub. L. 118-47):

> "The Committee encourages the Department, in coordination with the Department of Health and Human Services and the Centers for Medicare and Medicaid Services, to study the effects of worker shortages in the direct care sector and the impact that worker shortages will have on long-term care affordability and accessibility, and long-term care programs and submit a report to the Committees on Appropriations not later than 270 days after enactment."

The Department gathered data and insights from various sources in preparing this report, including workforce development programs, wage analysis reports, healthcare sector employment statistics, and direct care workforce demographic studies. These data sources helped the Department assess the current and projected demand for Direct Care Workers (DCWs). They also helped us assess employers' challenges in recruiting and retaining DCWs. However, the Department is unable to provide specific detailed analyses due to the non-existence or limitations of certain administrative data sources. These data limitations (discussed further in the "Challenges in Measuring Labor Market Changes" section below) include the absence of detailed data about the informal care workforce, and the clustering of occupations associated with standardized occupation codes which limits our ability to make projections with precision and make it difficult to appraise the full ramifications of labor shortages on long-term care affordability and accessibility.

As noted in more detail throughout the report, DCWs play a vital role in the independence of older adults, individuals with disabilities, and others who rely on their skill and dedication. The care that DCWs provide also contributes to the employment stability and economic well-being of families whose members are touched by a DCW. However, DCWs often receive low wages, suffer workplace injuries, and work in positions without other good jobs characteristics, such as a lack of predictable scheduling and advancement opportunities. Various public and private efforts have aimed to increase wages, provide more training and professional development, incorporate input from DCWs into organizational and employment decisions, and provide technical assistance to DCWs, employers, and stakeholders.

The Department will continue collaborating with federal partners to develop strategies to improve recruitment, retention, and working conditions for DCWs, and to promote good jobs including livable wages and benefits, to help address the mismatch between the need for services and the supply of direct care.

The Role and Importance of Direct Care Workers in Supporting Independence

DCWs play a crucial role in promoting the independence, health, and well-being of children and adults with disabilities, older adults, and other vulnerable populations. Workers in the direct care

field include personal care aides, home health aides, Direct Support Professionals (DSPs), and nursing assistants.[1] DCW responsibilities include assisting with daily living activities (bathing, toileting, dressing, and housekeeping), and more instrumental activities such as medication management, grocery shopping, skills development, providing emotional support, and engagement in community activities and employment. The support DCWs provide can enable individuals with disabilities to remain in their homes and communities rather than relying on institutional care. DCWs also provide essential front-line care in congregate settings, such as skilled nursing and intermediate care facilities. In particular, DSPs, also called habilitation or rehabilitation aides, are critical in supporting people with disabilities in pursuing and achieving personal and professional goals, living independently, and actively engaging in education, employment, family life, and/or community activities in their own homes and communities.

Access to reliable and skilled DCWs, including DSPs, enables families to balance work commitments with caregiving responsibilities and are critical to meeting the increasing demand for long-term care. Along with childcare workers, DCWs form a vital part of the broader care economy, contributing to economic productivity by freeing up family members to engage in paid work. As with childcare, long-term care provided by DCWs is of particular importance to women's labor force participation.

Recognizing the value of the direct care workforce, in April 2023, President Biden issued Executive Order (EO) 14095: *Increasing Access to High-Quality Care and Supporting Caregivers*[2], which directed federal agencies to undertake comprehensive executive action to improve the availability and quality of care for hard-working families while supporting care workers and family caregivers. This report summarizes the challenges in the direct care workforce for the workers and for the individuals and families to whom they provide services, steps the Departments of Labor and Health and Human Services have taken in response to those challenges, and potential solutions proposed by agencies and stakeholders.

Labor Market Overview of Direct Care Workers

Direct care work is often marked by low pay, few benefits, fewer worker protections, and less stability in the scheduling and terms of employment, not unlike other occupations historically associated with caregiving and performed predominantly by women. According to the Current Population Survey, 85 percent of DCWs are women, 64 percent are people of color (with 30 percent of DCWs being Black/African American, more than double the 12.8 percent of those employed in the U.S. who are Black/African American), and nearly a quarter are foreign-born. In May 2023, the median pay for home health and personal care aides was $33,530 a year,[3] and for nursing assistants was $38,130 a year.[4] One study by PHI (formerly known as the

[1] HHS and DOL. (2024 Apr 30) *Improving Data on the Workforce Delivering Home and Community-Based Services* https://aspe.hhs.gov/reports/improving-data-hcbs-workforce.
[2] The White House. (2023 April 18). *Executive Order on Increasing Access to High-Quality Care and Supporting Caregivers*. www.whitehouse.gov/briefing-room/presidential-actions/2023/04/18/executive-order-on-increasing-access-to-high-quality-care-and-supporting-caregivers/.
[3] Bureau of Labor Statistics. *Occupational Outlook Handbook*, Home Health and Personal Care Aides. https://www.bls.gov/ooh/healthcare/home-health-aides-and-personal-care-aides.htm.
[4] Bureau of Labor Statistics. *Occupational Outlook Handbook*, Nursing Assistants and Orderlies. https://www.bls.gov/ooh/healthcare/nursing-assistants.htm.

Paraprofessional Healthcare Institute) that looked more specifically at direct care workers noted that the median annual income for all DCWs was $25,015 in 2022, leading 37 percent of the workforce to live in poverty, or near poverty, and 49 percent to rely on public benefits.[5] That same organization found that in every state, DCWs' median wages are lower than all other occupations with similar or lower entry-level requirements.[6] In California, for example, short-order cooks earn a median hourly wage of $17.74, housekeepers earn $21.60, and gardeners earn $22.14 – all more than the median hourly wage of $17.45 earned by home health and personal care aides.[7] As an NPR article about low wages in nursing homes notes, "while the industry has increased wages by 27% since February 2020[8], homes say they are still struggling to compete against better-paying work for nurses at hospitals and retail shops and restaurants for aides."[9] Multiple organizations have advocated for higher wages for DCWs. Leading Age, an association of not-for-profit health and social services providers, published a report which simulated the projected impact of paying DCWs a living wage, which the report defined[10] as "one that would enable a full-time worker to pay for their family's basic housing, food, transportation, and health care needs out of their own earnings, without the need to rely on public assistance."[11] The report used a 2020 living wage calculator created by the Massachusetts Institute of Technology.[12] The Leading Age report states that a living wage for all DCWs would mean an average increase of 15.5 percent for more than 75 percent of the workforce and would address the shortage by increasing applicants and increasing retention of incumbent workers.

Estimates of the DCW workforce vary, but all point to a high and growing need for workers. PHI estimates that "in 2020, 2.4 million DCWs provided care in people's homes, 675,000 provided care in residential care settings, such as group homes and assisted living, and 527,000 provided care in nursing homes."[13] The Bureau of Labor Statistics (BLS) estimated that in 2023 3,961,900 were employed as home health and personal care aides. Close to half of these workers work in services for older adults and persons with disabilities (NAICS 624120 - Services for the Elderly and Persons with Disabilities), approximately one-quarter work in in-home healthcare services (NAICS Code 621610 for Home Health Care Services), and approximately 16 percent work in nursing and residential care facilities (NAICS 623000 - Nursing and Residential Care Facilities),

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[5] PHI. (2023). *Understanding the Direct Care Workforce*. https://www.phinational.org/policy-research/key-facts-faq/
[6] PHI. (2024 July 30). *Direct Care Workforce State Index: Mapping Workforce Policies and Outcomes*. https://www.phinational.org/resource/direct-care-workforce-state-index-mapping-workforce-policies-and-outcomes/.
[7] California Employment Development Department. (2021). *OES Employment and Wages.* https://labormarketinfo.edd.ca.gov/data/oes-employment-and-wages.html.
[8] PETERSON-KFF Health System Tracker. (2024, March 27). *What are the recent trends in health sector employment?* https://www.healthsystemtracker.org/chart-collection/what-are-the-recent-trends-health-sector-employment/.
[9] Rau, J. (2024, April 24). *Most nursing homes don't have enough staff to meet the federal government's new rules*. NPR. https://www.npr.org/sections/health-shots/2024/04/24/1246628171/nursing-home-staffing-final-rule-medicare-medicaid.
[10] T. Eldman. (2020, October 15). *Paying Direct Care Workers a Living Wage*. Center for Medicare Advocacy. https://medicareadvocacy.org/paying-direct-care-workers-a-living-wage/.
[11] Weller et al. (2020, September) *Making Care Work Pay: How Paying a Living Wage to Direct Care Workers Could Benefit Recipients, Workers, and Communities*. Leading Ace LTSS Center at UMass Boston. https://www.ltsscenter.org/wp-content/uploads/2020/09/Making-Care-Work-Pay-Report-FINAL.pdf.
[12] Massachusetts Institute of Technology. (2020). *Living Wage Calculator.* Available at https://livingwage.mit.edu/.
[13] Campbell, Stephen, et al. (2021 Jan 21) *Caring for the Future: The Power and Potential of America's Direct Care Workforce.* PHI. https://digitalcommons.law.ggu.edu/cgi/viewcontent.cgi?article=1789&context=pubs.

with an estimated 2.5 percent being self-employed. [14] BLS also collects data on Nursing Assistants, another occupation frequently considered part of the direct care workforce. Nursing Assistant employment was 1,419,400 in 2023 and is projected to grow by 62,400 to 1,481,800 by 2033. On average, there will be approximately 208,600 occupational openings each year over the next decade, including new jobs due to growth and needed replacements for workers leaving the occupation.[15] Approximately one-third of nursing assistants work in the industries for Nursing Care Facilities, another one-third in Hospitals, with approximately 11 percent in Continuing Care Retirement Community and Assisted Living Facilities for the Elderly, and 6 percent in Home Healthcare Services.[16]

BLS projects the need for home health and personal care aides to grow at a much faster-than-average rate of 21 percent to 4,782,400 by 2033, among the top twenty fastest-growing occupations ranked by BLS. About 718,900 openings for home health and personal care aides are projected each year, on average, over the next decade due to both growing demand and the need to replace existing workers – representing the highest projected numeric change in employment. Increased demand for DCWs is partly due to the aging of the U.S. population. Future job openings are also expected to result from the need to replace workers who transfer to different occupations or exit the labor force, such as through retirement. Despite the significant current and projected demand, these occupations earn less than every other occupation on the list.[17] While employment for nursing assistants is also projected to grow, growth will be about four percent, roughly the same as the average for all occupations. The HHS Health Resources and Services Administration (HRSA) regularly publishes analyses of the health workforce, including an analysis of the demand for long term services and supports. HRSA's National Center for Health Workforce Analysis projected that *demand* for direct care workers (not employment) to grow by 41 percent in 2036, including home health aides, personal care aides, nursing assistants and psychiatric aides. Specifically, the analysis projected that demand for nursing assistants would grow by 44 percent, personal care aides by 40 percent, and home health aides by 38 percent.[18]

Challenges in Measuring Labor Market Changes

Accurately measuring labor market changes in the direct care industry can be complex due to the varied nature of the occupations. The diverse job roles within the direct care workforce complicate accurate measurement and data collection on industry trends. For example, because "direct care" refers to various occupations, the employment is not all classified under a single distinct Standard Occupation Classification (SOC) code, posing challenges in monitoring employment trends of the sector. Federal statistical agencies all use SOC codes to collect,

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[14] Bureau of Labor Statistics, *Occupational Outlook Handbook*, Home Health and Personal Care Aides, at https://www.bls.gov/ooh/healthcare/home-health-aides-and-personal-care-aides.htm.
[15] Bureau of Labor Statistics, *Occupational Outlook Handbook*, Nursing Assistants and Orderlies, at https://www.bls.gov/ooh/healthcare/nursing-assistants.htm.
[16] Li, Xiaoli, et al. (2021 Nov) "Nursing Assistants and Resident Satisfaction in Long-Term Care: A Systematic Review." *Geriatric Nursing*, vol. 42, no. 6, pp. 1323–1331. https://doi.org/10.1016/j.gerinurse.2021.08.006.
[17] Bureau of Labor Statistics. (2019 April 12). *Fastest growing occupations: Occupational Outlook Handbook.* https://www.bls.gov/ooh/fastest-growing.htm.
[18] HHS HRSA. (2023 October) *Long-Term Services and Support: Demand Projections, 2021-2036*. https://bhw.hrsa.gov/sites/default/files/bureau-health-workforce/ltss-projections-factsheet-10-23.pdf.

calculate, and disseminate data about an occupation, such as employment and wages. While tens of thousands of job titles are used in the U.S., there are 867 SOC codes, which group multiple job titles together. Direct care work is primarily classified within three SOC codes: Home Health Aides (SOC 31-1121), Personal Care Aides (SOC 31-1122), and Nursing Assistants (SOC 31-1131). There is not a separate SOC code for Direct Support Professionals (DSP), a subset of the direct care workforce, and DSPs are currently aggregated into other direct care workforce SOC codes, including personal care aides and home health aides. The lack of specific data on DSPs may impede the calculation of Medicaid payment rates related to DSPs, which has many cascading impacts including the compensation for DSPs, program planning activities, and policies that may improve the recruitment and retention of DSPs. In addition, their job duties can be distinct from other home health aides and personal care aides, as DSPs also provide habilitation services, which support the skill acquisition, emotional and social development, community integration, and employment of people with disabilities (especially, people with intellectual and development disabilities), in addition to attending to their personal and healthcare needs when necessary. While data on DCWs exist as classified by these SOC codes, the data do not represent all DCWs and only DCWs. Without specific data about DCW, it is difficult for policymakers to follow trends in this workforce over time or understand the full extent of future challenges.[19] The SOC classification system is being revised for 2028, and initial public comments have been submitted to the Office of Management and Budget in response to a recent Federal Register Notice.

In addition to difficulties analyzing data within subsets of SOC codes, and at times compounded by that difficulty, other data challenges include:

- Lack of uniform reporting: Discrepancies in the methods employed by states to gather and report data related to DCWs, particularly in home and community-based services (HCBS), engender inconsistencies that impede national-level analysis.
- Inadequate Data on Unpaid and Family Caregivers: There is a notable gap in the data about the informal caregiver workforce (e.g., family members or unpaid caregivers), which constitutes a pivotal long-term care component. Unpaid work is frequently not reported by respondents in individual surveys, and would not be collected at all in establishment surveys.
- Insufficient Data Collection on Private Pay or Informal Workforce: Although Medicaid funds most long-term services and supports, many Americans do not qualify for public benefits and/or do not have family members able to provide unpaid care. These individuals and their families must pay out of pocket for care, resulting in a "gray market" where the employment of DCWs is often unrecorded.[20] Additionally, immigrants of varying statuses are often employed directly by families as private pay homecare and many DCWs are part of the self-directed workforce, further complicating data collection efforts. While more frequently reported in individual surveys than unpaid work, informal work is under-reported in individual surveys and establishment surveys.

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[19] HHS & DOL (2024 April). *Improving Data on the Workforce Delivering Home and Community-Based Services.* *https://acl.gov/sites/default/files/Direct%20Care%20Workforce/improving-hcbs-workforce-data-issue-brief.pdf.*

[20] Shah, H. (2017). *Understaffed and Overworked: Poor Working Conditions and Quality of Care in Residential Care Facilities for the Elderly*. https://digitalcommons.law.ggu.edu/cgi/viewcontent.cgi?article=1789&context=pubs.

- Limited Data on Workforce Turnover and Retention Rates: A lack of comprehensive and consistently measured data regarding turnover rates, retention patterns, and job satisfaction within the direct care sector restricts a thorough understanding of workforce stability.

Labor Market Challenges for Direct Care Workers

Direct care workers face myriad challenges in obtaining good jobs, including limited union representation, unsafe working conditions, limited career advancement opportunities, wage constraints heavily influenced by Medicaid reimbursement rates, and competition from other industries offering better pay or working conditions. Together, these challenges result in very high turnover. Low union representation is the result, in part, of the closures and downsizing of large state-run institutions for people with intellectual disabilities beginning in the 1970s.[21] Employees in these institutions were state-employed and typically represented by public employee unions. The closure of these institutions reduced the percentage of the residential workforce with union representation, as employees of private sector nursing homes, assisted living facilities, and other congregate settings rarely have union representation. Medicaid-funded home care workers are more likely to be unionized, but only if they are consumer-directed independent providers. The Service Employees International Union, the International Union of Journeymen and Allied Trades' Home Healthcare Workers of America, and the American Federation of State, County and Municipal Employees' United Domestic Workers organize workers in this sector, particularly around wages, training, and worker safety. The DOL Worker Organizing and Resource and Knowledge (WORK) Center website provides all workers with information and resources on collective bargaining.[22]

Worksite safety is also a challenge for DCWs. The physical demands of direct care work, such as lifting and moving clients, place DCWs at high risk of injury, leading to long-term health issues. This is exacerbated by the increased risk of exposure to contagious illness in clinical and congregate settings, as demonstrated by the devastating death toll among DCWs during the COVID pandemic.[23] Even with significant underreporting, occupational injury rates for DCWs are among the highest in the country. BLS provides data on workplace injuries and illnesses, collected and reported annually through the Survey of Occupational Injuries and Illnesses[24], and many stakeholders publish analyses of these data. In 2016, the injury and illness rate per 10,000 workers was 144 injuries among personal care aides, 116 among home health aides, and 337 among nursing assistants. By comparison, the overall injury and illness rate across all occupations in the U.S. was 100 per 10,000 workers.[25] According to the Survey of Occupational Injuries and Illnesses Data, in 2022, nursing care facilities were at the top of the list of industries

[21] Larson S. (2022 June). *Are Large Institutions for People with Intellectual or Development Disabilities a Thing of the Past?* University of Minnesota. https://publications.ici.umn.edu/community-living/prb/29-2/main
[22] See https://www.workcenter.gov.
[23] Chidambaram, P. (2022 February 3). *Over 200,000 Residents and Staff in Long-Term Care Facilities Have Died From COVID-19*. KFF. https://www.kff.org/policy-watch/over-200000-residents-and-staff-in-long-term-care-facilities-have-died-from-covid-19/.
[24] See https://www.bls.gov/iif/.
[25] PHI. (2020 April 20). *Workplace Injuries and the Direct Care Workforce*. PHI. https://www.phinational.org/resource/workplace-injuries-direct-care-workforce/.

with high injury and illness rates.[26] Nursing, psychiatric, and home health aides, in particular, encounter violence in their workplaces, resulting in a higher injury rate due to intentional violence of 20.4 per 10,000 workers compared to 12.4 for Healthcare Support Operations occupations.[27] Workplace violence can take many forms, including any act or threat of physical violence, harassment, intimidation, or threatening, disruptive behavior. It can be suffered by the worker, the individual receiving care, and the individual's family members.

The lack of what some stakeholders call "professionalization" of the direct care workforce also poses challenges to retention and recruitment of new workers. Unlike other healthcare support professions, there is no uniform system of certification or licensing, or clear career ladder where the skills developed by DCWs are recognized by the industry and where pay increases accompany further skill acquisition. Where DCWs do try to obtain additional qualifications, such qualifications and documented experience do not bring commensurate compensation to DCWs, especially compared to childcare and other certified or licensed healthcare support professionals.[28]

The low wages received by many DCWs, along with unsafe workplaces, low chances for worker voice, and other challenges, contribute to very high turnover for DCWs. (The Leading Age report estimates that paying a living wage to DCW would increase hours worked per worker, attract more workers, and increase retention, reducing costs associated with turnover by an estimated $1.3 billion annually.)[29] According to the PHI Workforce Data Center, in 2024, the turnover rate for home health and personal care aides was close to 80 percent.[30] These turnover challenges lead to high costs for families utilizing DCWs, rehiring and retraining costs for care businesses, decreased care accessibility, and potentially compromised quality of care.

High turnover and low reimbursement rates for direct care combine to create challenges for businesses as well, sometimes compounding challenges for individuals and families seeking reliable care. As noted in the Council of Economic Advisors 2022 issue paper, "businesses supplying care services face a pool of consumers with significant financial constraints that limit their ability to afford the cost of quality care."[31] The annual per-person cost of homecare (for 30 hours of weekly care) rose 20 percent from 2019 to approximately $42,000 in 2021– an amount that is 83 percent of the total income of the average middle-income family. The annual average

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[26] Bureau of Labor Statistics. (2023 November 8). *Survey of Occupational Injuries and Illnesses Data*. https://www.bls.gov/iif/nonfatal-injuries-and-illnesses-tables.htm#cd.

[27] AIHA. (2021). *Home Health Care Aides: Occupational Health and Safety Challenges and Opportunities White Paper*. https://aiha-assets.sfo2.digitaloceanspaces.com/AIHA/resources/White-Papers/Home-Health-Care-Aides-Occupational-Health-and-Safety-Challenges-and-Opportunities-White-Paper.pdf.

[28] Weller et al. (2020 September) *Making Care Work Pay: How Paying a Living Wage to Direct Care Workers Could Benefit Recipients, Workers, and Communities*. Leading Age LTSS Center at UMass Boston. https://www.ltsscenter.org/wp-content/uploads/2020/09/Making-Care-Work-Pay-Report-FINAL.pdf.

[29] Ibid.

[30] PHI Workforce Data Center. (2024 September 17). https://www.phinational.org/policy-research/workforce-data-center/#tab=National+Data&natvar=Gender.

[31] Boushey, H et al. (2022 April 8). *Care Businesses: A Model that Doesn't Work for Providers, Workers, or Families*. Council of Economic Advisors. https://www.whitehouse.gov/cea/written-materials/2022/04/08/care-businesses-a-model-that-doesnt-work-for-providers-workers-or-families/.

cost of a private room in a nursing home is $108,000.[32] For publicly funded long-term services and supports, Medicaid reimbursement rates have not kept pace with rising costs. Some unique economics contributes to these low reimbursements, as states often set reimbursement rates based on average wages such as those published by BLS, but due to the number of workers working in settings for which Medicaid pays, the average wages are heavily influenced by the Medicaid reimbursements, creating a self-reinforcing downward pressure. State budgets often constrain State Medicaid Agencies from raising rates. States are permitted to consider other factors when setting reimbursement rates and are not limited to only reviewing average wages, though in practice many reimbursement rates are heavily influenced by such averages. Finally, where states are using optional HCBS programs like Sec 1915(c) waivers, states may limit the number of people served to compensate for an increase in rates.[33]

State Strategies to Address DCW Workforce Shortages

State Medicaid programs are the primary payer for HCBS, which provide opportunities for Medicaid beneficiaries to receive long-term services and supports (LTSS) in their own homes or communities rather than institutions. To improve direct care services for older adults and individuals with disabilities in their jurisdictions, several states have undertaken initiatives or pilot projects. These initiatives are designed to attract and retain a direct care workforce. The types of relevant state or local strategies include the following examples, many of which are cited in the Commonwealth Fund's *Addressing the Shortage of Direct Care Workers: Insights from Seven States*,[34] in the LEAD Center's *Attracting Direct Support Professionals: Advancing Career Pathways with Job Quality in Mind*,[35] and HHS' Office of Behavioral Health, Disability, and Aging Policy paper *State Efforts to Improve Direct Care Workforce Wages: Final Report.*[36]

- Providing low- or no-cost training for entry and ongoing professional development. Given the lower wages paid, low or no-cost training removes the financial strain and tuition debt for workers (Wisconsin, New York City). The Maryland-based non-profit Seeking Employment, Equality, and Community (SEEC) reported that Maryland created a state training consortium to deliver their DSP I, II, and III curricula, resulting in increased wages and retention of DSPs in the state. In addition, Alaska, Colorado, Maryland, Missouri, New York, and Tennessee have each created Registered Apprenticeship Programs specifically for DSPs to improve job quality and attract job

[32] AARP. *LTSS State Report Card.* https://ltsschoices.aarp.org/scorecard-report/2023/dimensions-and-indicators/home-care-cost.
[33] Social Security Act Section 1915(c) allows states to obtain waivers of comparability requirements, in order to offer HCBS to limited groups of enrollees as an alternative to institutional care. See Medicaid and CHIP Payment Access Commission at https://www.macpac.gov/subtopic/1915-c-waivers/.
[34] The Commonwealth Fund. (2024 March 19.) *Addressing the Shortage of Direct Care Workers: Insights from Seven States*. https://www.commonwealthfund.org/publications/issue-briefs/2024/mar/addressing-shortage-direct-care-workers-insights-seven-states.
[35] LEAD Center (2024 September 11) *Attracting Direct Support Professionals: Advancing Career pathways with Job Quality in Mind.* https://leadcenter.org/wp-content/uploads/2024/09/LEAD_Attracting-DSPs_Advancing-Career-Pathways_508.pdf.
[36] HHS Office of Behavioral Health, Disability, and Aging Policy. (2024) *State Efforts to Improve Direct Care Workforce Wages: Final Report.* https://aspe.hhs.gov/sites/default/files/documents/e88ca623469819d2444d07fe9564fb67/state-efforts-improve-dcw-wages-final.pdf.

seekers to the field. And, as part of the Department of Labor's Office of Disability Employment Policy's (ODEP) National Expansion of Employment Opportunities Network (NEON) initiative, Tennessee is developing the "Employment First Education and Accreditation Program," which includes a curriculum to train DSPs for a variety of roles, including Job Developers and Job Coaches.

- Raising wages for Direct Support Professionals. State Medicaid programs have enacted changes aiming to fill wage gaps and increase labor supply, as noted by the National Governors Association.[37] These efforts are moving DSPs closer to stable and predictable living wages. For example:
    - Florida established a minimum wage floor for all DCWs, including DSPs; and
    - Kansas required providers to direct a higher percentage of their pay rate to DCWs.
- Providing DCWs benefits. In addition to health insurance, life insurance, or retirement plans, some government agencies and organizations, such as philanthropic foundations, explored providing DCWs with transportation benefits, credits, or even automobile insurance, as some DCWs use their cars to transport clients and may be required by their employers to have higher liability coverage on their vehicles.
- Marketing the impact and value of DCW's work. While the pandemic and other recent developments have increased awareness of DCWs and their work, many members of the public are still unaware of DCWs' vital role. In one report, stakeholders expressed that some members of the public view DCWs as "glorified babysitters." To help address this misunderstanding, states and public officials can conduct additional marketing campaigns to highlight and inform the public of DCW's crucial work. For example, Michigan created a media campaign to increase the visibility of and respect for DCWs.[38] Improving the reputation of DCWs could help further professionalize DCWs and lead to other benefits, such as increased interest in the field from potential entrants or increased wages.
- Leveraging technology to improve care and reduce direct care workers' workloads.[39]
    - One form of technology states use to provide services with limited workforce capacity is remote support.[40] Remote supports refer to technology used to monitor and respond to a client's or consumer's needs. Examples include cameras, two-way communication devices, automated devices like pill dispensers, or reminders. As of 2021, ten states provided standalone remote support services to clients with intellectual or development disabilities (I/DD) served through their Medicaid HCBS waivers.[41] For example, Colorado offers remote support for five of its adult

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[37] National Governors' Association (2022 November 1.) *Addressing Wages of The Direct Care Workforce Through Medicaid Policies.* https://www.nga.org/publications/addressing-wages-of-the-direct-care-workforce-through-medicaid-policies/.

[38] RTI International (2024 January). *State Efforts to Improve Direct Care Workforce Wages: State Case Studies Report. https://aspe.hhs.gov/sites/default/files/documents/ba806f15767b42593752744aab3e17ba/dcw-wages-state-case-studies.pdf.*

[39] Tanis, Emily. (May 2024) *TECHNOLOGY 2.0 Understanding the Advancements in Access to Technology Solutions for People with Intellectual and Developmental Disabilities Resulting from the COVID-19 Pandemic*. https://stateofthestates.ku.edu/sites/stateofthestates/files/documents/Tech%202.0%20report%202024.pdf

[40] Health System Transformation, LLC. (2024) *The State of Enabling Technology in LTSS Programs in 2024* www.advancingstates.org/newsroom/nasuad-news/state-enabling-technology-ltss-programs-2024.

[41] Friedman, C. (2023). "Remote monitoring support services for people with intellectual and developmental disabilities." *Journal of Policy and Practice in Intellectual Disabilities*, 20(3), 298–307. https://doi.org/10.1111/jppi.12463.

HCBS waiver programs via a live two-way feed with a staff member to provide support, coaching, and supervision, including fall and wandering detection, prompts for activities of daily living, and overnight support. All supports provided benefit the consumer's service plan. Providers maintain contingency plans in case of technology failures.

- A project in Tennessee introduced the use of tablets that allow video communication, smart technology to lock and unlock doors, and automated medication dispensers. This technology reduced the need for round-the-clock support and led to reported savings of close to $10,000 per week. Rather than cutting staff hours or positions, the companies promoted ten DSPs into supervisory or other positions. The savings were also used to improve employee benefits, including the employee share of health insurance premiums, life insurance, and retirement savings. The use of technology, such as cell phone applications, can also keep lines of communication open with workers who visit clients in their homes and who do not otherwise have good contact with coordinators or supervisors.
- Twenty-seven states have initiated Technology First activities following the model created through executive order in Ohio in 2018. Technology First is defined as a "framework for systems change where technology is considered first in the discussion of support options available to individuals and families through person-directed approaches to promote meaningful participation, social inclusion, self-determination and quality of life." These 27 states have prioritized technology solutions to support individual LTSS planning for people with I/DD. When thoughtfully implemented, a Technology First approach may improve the lives of the people served and the working conditions of DCWs.

- Facilitating worker involvement, voice, and empowerment.
  - In Tennessee, a worker council meets monthly in one organization to discuss problems and share ideas. Management has acted on suggestions, increasing morale and retention and decreasing turnover.
  - In New York City, one direct care provider now includes worker representation on its governing board. In multiple locations, DSP employee ownership of the company is an emerging mechanism for increasing DSP assets. DSP employee ownership can take many forms, with the Employee Stock Ownership Plan (ESOP) being the most common form in the U.S. With ESOPs, employees' own shares through a trust that the company funds. The value of company shares accumulates over time, which is then drawn down in retirement. For example, all employees at MyPath Companies, including DSPs, own part of this large disability services organization. Other employers with ESOPs include Eon, Inc., in New Ulm, MN; Manos Homecare in Oakland, CA; NHS Northstar in Chisholm, MN; and Opportunities for Positive Growth in Fishers, IN.
  - In Washington state, labor-management training partnerships, or LMTPs, have been applied as another worker empowerment strategy. These partnerships bring employers and union members together to design training, programming, and benefits, and they often provide peer mentorship and career ladders. One example is the SEIU 775 Benefits Group Training Partnership in Washington State, which

offers new DCWs a peer mentor's support as they complete the state's required training to become a certified home care aide.[42]

- The New Jersey Association of Community Providers offers a DSP Career Development Program in partnership with its Community College Consortium for Workforce and Economic Development to recruit and train DSPs, through which they provide tuition reimbursement and a stipend to DSPs pursuing an associate degree.
- In Washington D.C., Revitalizing Community Membership (RCM) of Washington trains people with disabilities to support others with disabilities as DSPs through its customized vocational training program called the *DSP Academy*.
- A New York City organization has established the job title of "DCW care coordinators" as a career pathway.
- A company operating in six states conducted a pilot in its Michigan location to create a career pathway job titled "DCW transition specialists," who work with patients moving from hospitals to skilled nursing facilities and then home.
- Other locations have created dementia care roles as a career pathway along with training for other specializations within direct care work that receive additional pay.

DOL Efforts to Support Good Jobs in the Direct Care Sector

Good jobs are the foundation of an equitable economy that lifts workers and families and makes businesses more competitive globally. The Good Jobs Principles, which were developed jointly by the U.S. Departments of Labor and Commerce in the spring of 2022, describe the essential characteristics of a good job, including the protection of worker rights and the establishment of fair practices concerning job recruitment and hiring, pay and benefits, job security and career advancement, collective bargaining rights, and working conditions.[43] The Good Jobs Principles also prioritize equitable access to stable and secure jobs, especially for workers from underserved communities. The principles are further intended to provide a practical framework for creating high-quality jobs and a more accessible workforce through federal government partnerships and investments. High-quality jobs in the care sector would include those that offer family-sustaining wages and benefits, have predictable hours and schedules, are filled through transparent and non-discriminatory hiring and promotion practices, offer clear paths for advancement, always prioritize worker health and safety, and include workers' voices in the workplace. The Department provided intensive technical assistance to eleven communities through the Good Job Academy to assist partnerships of the public workforce system, workers, and employers develop Good Jobs strategies for specific industries.[44] The Department then developed a *Job Quality Starter Guide* for the workforce system to help define and provide strategies for improving job

[42] SEIU 775 Benefits Group. (2013 January 22). *SEIU Healthcare NW Training Partnership SpotLight - SEIU 775 Benefits Group*. https://www.myseiubenefits.org/2013/01/22/seiu-healthcare-nw-training-partnership-spotlight/.
[43] DOL. *Department of Commerce and Department of Labor Good Jobs Principles.* https://www.dol.gov/general/good-jobs/principles.
[44] Moore, Ashley. (2024 March 12). *Advancing Quality Jobs.* https://dwg.workforcegps.org/resources/2024/02/01/21/01/Job-Quality-Academy.

quality based on the Good Jobs Principles.[45] An additional toolkit, *Helping Workers with Disabilities Get Ahead Through Good Jobs*, provides strategies and best practices to recruit, hire, retain, and advance workers with disabilities in good jobs in construction, manufacturing, and clean energy.[46]

President Biden's Investing in America (IIA) agenda – which includes historic legislation enacted by Congress and signed into law by President Biden, including the American Rescue Plan Act, Bipartisan Infrastructure Law, CHIPS and Science Act, and Inflation Reduction Act – is mobilizing historic levels of investment and job opportunities. Under the Invest in America agenda, Federal agencies, through inter-agency teamwork coordinated by the Department's Good Jobs Initiative, have incentivized equity and good jobs with more than $239.6 billion of competitive grant funding.

The surge in Federal investments will create increased demand for workers in the construction, manufacturing, clean energy, and transportation sectors. A key component of workforce development and addressing the demand for workers is ensuring they have access to supportive services– especially affordable, high-quality childcare and long-term care for their loved ones – enabling them to participate in training or employment. President Biden's April 2023 Executive Order on *Increasing Access to Quality Care and Supporting Caregivers* directed each Federal agency to identify and issue guidance on which of their discretionary, formula, and program-specific funds can be used for child care and long-term care as a supportive service for workers trained for and working on federally funded projects. The Department of Labor issued its *Guidance on Supportive Services for Child Care and Long-Term Care* in 2024.[47] Last year, the Department also partnered with the National League of Cities to launch the Good Jobs, Great Cities Academy, a year-long initiative that offered the sixteen participating cities technical assistance on all aspects of building equitable pathways to high-quality jobs, including incorporating supportive services into workforce development plans.[48] Beyond the Good Jobs, Great Cities Academy, the Department continues to provide technical assistance to cities and states nationwide as they strive to identify and obtain Invest in America funding to expand access to supportive services, including care, for workers and their families.

Registered Apprenticeships

Registered Apprenticeships are one of the best ways to develop good jobs. Registered Apprenticeship is an industry-driven, high-quality career pathway where the industry can develop and prepare its future workforce. Individuals can obtain paid work experience, classroom instruction, and a portable, nationally recognized credential. Components of all Registered Apprenticeship programs include the following:

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[45] Workforce GPS. (2024 February 29). *Job Quality Academy Starter Guide-Part 1*. https://www.workforcegps.org/events/2024/01/21/13/04/Job-Quality-Academy-Starter-Pack-Part-1.
[46] DOL. *Helping Workers with Disabilities Get Ahead Through Good Jobs: A Toolkit of Practical Strategies*. https://www.dol.gov/agencies/odep/initiatives/good_jobs/toolkit/.
[47] DOL. *U.S. Department of Labor Guidance on Supportive Services for Child Care and Long-Term Care*. https://www.dol.gov/general/good-job/supportive-services-for-child-and-longterm-care.
[48] National League of Cities. *Good Jobs, Great Cities*. https://www.nlc.org/initiative/good-jobs-great-cities.

- **Industry Led** - Programs are industry-led to ensure alignment with industry standards and that apprentices are trained for highly skilled, high-demand occupations.
- **Paid Job** - Apprenticeships are paid employment where apprentices earn progressively increasing wages as their skills and productivity advance.
- **Structured On-the-Job Learning and Mentoring** - Programs involve structured on-the-job training from experienced mentors who provide apprentices with relevant occupational skills and competencies, enabling them to achieve career success.
- **Supplemental Education** - Apprentices are provided with supplemental classroom education based on the employer's unique training needs to ensure quality and success.
- **Diversity** - Programs are designed to reflect the communities in which they operate through strong non-discrimination, anti-harassment, and recruitment practices to ensure access, equity, and inclusion.
- **Quality & Safety** - Apprentices are afforded worker protections while receiving rigorous training to equip them with the skills they need to succeed, and the proper training and supervision needed to ensure safety.
- **Credentials** - Apprentices earn a portable, nationally recognized credential.

Registered Apprenticeship Programs have open-entry/open-exit timelines. That means that apprenticeship sponsors experience just-in-time opportunities to start new programs and hire new cohorts of apprentices at their convenience.

Since the beginning of fiscal year (FY) 2020, 23,933 direct care-related Registered Apprentices have been registered with DOL's Office of Apprenticeship (OA) or reported to OA by State Apprenticeship Agencies. Of those apprentices, 5,072 nurse assistant apprentices and 398 home health aides have successfully completed their programs. Additionally, as of October 1, 2024, there are 3,442 active nurse assistant apprentices and 135 home health aide apprentices nationwide. Active nurse assistant apprentices doubled year after year between 2020 and 2023: FY 2020 (200 nurse assistant apprentices); FY 2021 (415 nurse assistant apprentices); FY 2022 (954 nurse assistant apprentices); and FY 2023 (2,426 nurse assistant apprentices).

The attrition rates of apprentices in direct care occupations are consistent with the general population. Even during the COVID-19 pandemic, direct care programs continued to operate with adjustments for online instruction. However, many apprentices struggled to manage the additional strain the pandemic put on their families. The combined stresses of attending classroom instruction, working full-time, and caring for families during the pandemic resulted in the loss of over 5,500 apprentices in FY 2020 and FY 2021. The Department's efforts to raise the profile of Registered Apprenticeship such as National Apprenticeship Week and Apprenticeship Ambassadors are increasing entry into Registered Apprenticeship.

Competency Models

As part of the Department's efforts to support sector strategies and training programs such as Registered Apprenticeship, DOL builds competency models in various industries with input from employers, workers, and industry associations. A competency model is a collection of multiple competencies that define successful performance in a defined work setting. Competency models

in the apprenticeship system are designed to constantly evaluate apprenticeship proficiency, allowing apprentices to learn competencies at their own pace and guaranteeing proficiency for all apprentices by the end of the program.

Competencies, performance indicators, and evaluation rubrics for specific healthcare occupations reflect detailed scope and standards of practice developed by professional healthcare organizations. This alignment with regulating Associations and Boards ensures that all apprentices achieve the highest levels of proficiency in providing patient care, comparable to the broader field. Competency models support workforce partnerships by providing a common framework for educators, businesses, and workforce development professionals.

DOL hosts a Long-Term Care Supports and Services competency model developed in collaboration with several associations and educational facilities, including the National Alliance for Direct Support Professionals, American Network of Community Options and Resources (ANCOR), PHI, National Center for Assisted Living, American Health Care Association, the University of Minnesota, and the College of Direct Support.[49]

Critical Sectors Job Quality Grant Program

The Department launched the Critical Sectors Job Quality grant program as a demonstration to pilot strategies to increase the availability of good jobs in sectors critical to the economy. However, many of these critical sector jobs are frequently marked by low wages, particularly in the care, climate resilience, and hospitality sectors. These demonstration grants support industry-led, worker-centered sector strategies built through labor-management partnerships that address equity, job quality, and workers' voices as they design training models and train workers for family-supporting jobs. Grant projects include both short-term capacity-building planning grants and longer-term implementation grants. DOL first awarded $16 million for this initiative in September 2023. DOL announced a second round of funding in May 2024 and awarded $13 million in Critical Sector Job Quality awards in September 2024. The second round committed up to 50 percent of the total available funding to projects that improve the availability of good jobs within the care sector, including home care, direct support services related to employment, and childcare, which led to an increase in the number of grants focused on this sector.

Analyzing and Advocating for Direct Support Professionals

As noted above, Direct Support Professionals (DSPs) is a subset of the broader direct care workforce classification. DSPs are critical in supporting people with disabilities in participating fully in their communities, living in integrated settings, and seeking competitive integrated employment.[50] Since DSPs do not currently have an applicable SOC code within the 2018 SOC Manual, data for these workers has been grouped under one or more of the broader DCW occupations, which tend to have more of an emphasis on meeting the healthcare and personal needs of people with disabilities and older adults (feeding, bathing, grooming, dressing, toileting,

[49] USDOL *Long-term Care, Supports, and Services Industry Competency Model*. https://www.careeronestop.org/competencymodel/competency-models/long-term-care.aspx.
[50] See more about competitive integrated employment at DOL. *Competitive Integrated Employment (CIE).* https://www.dol.gov/agencies/odep/program-areas/cie.

ambulation), such as home health aides, personal care aides, certified nurse aides, and residential care aides. However, DSPs also provide habilitation services to people with disabilities to seek high-quality employment, including job exploration, career development, and customized employment to enhance and support their independence and community engagement and to coach and support them in communicating, self-advocating, and achieving self-expression.

As expectations for employing people with disabilities have evolved, due to historical advances such as the passage of the Americans with Disabilities Act of 1990 (as amended), the Supreme Court's landmark 1999 decision in *Olmstead v. L.C.* , and the passage of the Workforce Innovation and Opportunity Act, so has the demand for Medicaid HCBS providers who employ DSPs. Nevertheless, in a 2022 State of the Workforce survey of service provider agencies in each state that directly support adults with I/DD, 83 percent reported turning away new referrals for clients, and 92 percent reported struggling to achieve quality standards because of staff shortages.[51] The 2022 State of the Workforce survey also reported that average wages for DSPs ranged from $9.25/hour to $9.65/hour nationwide, whereas livable wages for one person ranged from a low of $15.15/hour in South Dakota to a high of $22.15/hour in Washington D.C. In 2022, 61.7 percent of provider agencies surveyed offered health insurance to some or all of their DSP employees. However, due to self-imposed eligibility restrictions (such as the requirement to work full-time or to be employed a minimum length of time before becoming eligible), only 7.4 percent of all DSPs were qualified to receive the offered health insurance. [52] The importance of these workers to the national economy and the increase in demand for them illustrates the crucial need for immediate solutions to the challenges of recruiting and retaining qualified DSPs.

In February 2022, ODEP, through its grantee the LEAD Center, convened a Think Tank of national experts to identify and make recommendations regarding the challenges faced by the DSP workforce and possible federal actions that could mitigate these challenges.[53] Recommendations from individual participants included: 1) Expand and improve training and career pathways for DSPs; 2) Facilitate DSP professionalization through improved data collection; 3) Set and raise standards for DSP job quality, pay, and benefits; and 4) Support people with disabilities and others to enter the DSP profession in customized and competitive jobs.

As the 2024 HHS-DOL joint issue brief, *Improving Data on the Workforce Delivering Home and Community-Based Services*, [54] highlights, increasing the talent pipeline of DCWs and DSPs to meet the rising demand requires:

- improving job quality (increases in hours, wages, and benefits, such as health insurance and paid time off);

[51] National Core Indicators. (2022). *NCI State of the Workforce.* https://idd.nationalcoreindicators.org/wp-content/uploads/2024/02/ACCESSIBLE_2022NCI-IDDStateoftheWorkforceReport.pdf.
[52]Ibid.
[53] LEAD Center. (2022 July). *Direct Support Professionals (DSP) Think Tank Recommendations*. https://leadcenter.org/resources/direct-support-professionals-dsp-think-tank-recommendations/.
[54] HHS and DOL. (2024 Apr 30). *Improving Data on the Workforce Delivering Home and Community-Based Services* https://aspe.hhs.gov/reports/improving-data-hcbs-workforce.

- providing professional development opportunities, such as career ladders for promotions to other opportunities; and
- improving on-the-job safety.

In response, a 2024 memorandum from ODEP's LEAD Center grantee, *Attracting Direct Support Professionals: Advancing Career Pathways with Job Quality in Mind*, outlines three recommendations to make the DSP occupation more attractive to job seekers:[55]

1) Reframing and honoring DSP work as a service tied directly to our national interests. Prioritizing direct support work within national service programs such as Public Health AmeriCorps or Job Corps could be a way to attract, train, and provide a career pathway for people to enter the DSP field.
2) Supporting policies and practices that enable DSPs to build on their skills, earn postsecondary education credentials, advance in their careers, and earn higher wages. At the state level, 19 states implemented new wage strategies to support DCWs through reporting or enforcement mechanisms. LEAD Center analysis suggests that states could also support DSP-related unions and union organizing.
3) Encouraging people with disabilities and others who want to work to become DSPs. People with disabilities can support others with disabilities as DSPs, bringing their lived experiences as assets to their work. Supporting Limited English Proficiency individuals and new immigrants to work as DSPs could improve retention of these workers. Immigrants comprise a quarter of the larger DCW, and employers could offer more supports by partnering with organizations that serve new immigrants, including with language acquisition.

Sample Employment Agreements

Increasing worker voice and empowerment in the direct care worker sector is critical to creating solutions that work for these workers. The DOL Women's Bureau,[56] which formulates standards and policies that promote the welfare of wage-earning women, improve their working conditions, increase their efficiency, and advance their opportunities for profitable employment, is working to increase awareness and transparency in direct care workers' engagement with their employers. As one of several actions undertaken by the Department to fulfill the EO on *Increasing Access to High-Quality Care and Supporting Caregivers*, the Women's Bureau developed sample employment agreements, for illustrative purposes, for home care workers, cleaners, and nannies. Employers and workers can use these agreements as a helpful starting point to facilitate an open discussion, and create a shared understanding, of the terms and conditions of employment. The provisions in these sample agreements are intended to serve as examples of employment terms and conditions that employers and employees may want to address in their private contracts.[57] Using these sample agreements is entirely voluntary and not mandated by law. The provisions in

[55] LEAD Center. (2024 September). *Attracting Direct Support Professionals: Advancing Career Pathways with Job Quality in Mind.* https://leadcenter.org/resources/attracting-direct-support-professionals-advancing-career-pathways-with-job-quality-in-mind/.
[56] DOL. *Women's Bureau*. https://www.dol.gov/agencies/wb.
[57] See sample agreements at DOL. *Employment Sample Agreement for Home Care Workers*. https://www.dol.gov/sites/dolgov/files/WB/images/FillableHomeCareWorkersSampleEmploymentAgreement.pdf.

the sample agreements do not represent legal obligations but instead reflect topics that employers and employees may choose to address.

U.S. Department of Health and Human Services' Initiatives to Support the Direct Care Workforce

The U.S. Department of Health and Human Services has been actively involved in various initiatives to increase recruitment and retention and to enhance workforce conditions for DCWs. These initiatives have at different times involved technical assistance, demonstration programs, research, making workforce projections, and increased federal Medicaid funding to support HCBS. Additionally, Medicaid waiver programs allow states to experiment with innovative approaches to increasing compensation and benefits for DCWs.

Direct Care Workforce Strategies Center

In October 2022, the Administration for Community Living (ACL) awarded a five-year grant totaling over $6 million to establish a national center to expand and strengthen the direct care workforce across the country.[58] The Direct Care Workforce Strategies Center builds upon an ongoing collaboration between ACL, DOL, the Center for Medicare and Medicaid Studies (CMS), and the Office of the Assistant Secretary for Planning and Evaluation (ASPE), and provides technical assistance to state teams of aging, disability, Medicaid, and workforce stakeholders to improve DCW recruitment and retention. The DCW Strategies Center has promoted training and skill development and improved working conditions for DCWs. The Center's work is an integral part of a broader initiative to address the critical shortage of DCWs and enhance the quality of care for individuals requiring assistance in community settings. Key initiatives include:

- DCW Technical Assistance to 20 state teams including representatives from the states' Medicaid, aging, disability, and workforce development agencies, in addition to other stakeholders.
- TA Webinar Series: Hosting webinars covering various topics, such as marketing campaigns, engaging with state workforce systems, building data infrastructure, addressing the workforce shortage, and federal actions to tackle the direct care workforce crisis.
- Resource Hub: Maintaining a curated library of DCW information and resources from across the government and external organizations to support states and communities in strengthening the workforce.
- DCW data collection and measurement: Advancing the improvement of DCW data collection activities.

ACL's Direct Care technical assistance center builds on lessons from earlier efforts, such as the Direct Support Professional Prize Challenge of 2021[59] and Living Well grants from 2017 and

[58] Direct Care Workforce Strategies Center. *Technical Assistance*. https://acl.gov/DCWcenter/TechnicalAssistance.
[59] Administration for Community Living. *ACL Announces the Blazing New Trails for Community-Based Direct Support Professionals Prize Challenge Grand Prize Winner.* https://acl.gov/DSPchallenge.

2018.[60] ACL awarded these grants to help develop and test model approaches for enhancing the quality, effectiveness, and monitoring of HCBS for people with intellectual and developmental disabilities. A focus of these grants includes building the capacity of direct service and HCBS providers.

Medicaid Funding for HCBS

Funding authorized under Section 9817[61] of the American Rescue Plan Act of 2021 (ARP) provided states with a temporary ten percentage point increase to the federal medical assistance percentage (FMAP) for certain Medicaid expenditures for HCBS.[62] The increased FMAP was available for one year, from April 1, 2021 to March 31, 2022, and states are expected to spend an amount equivalent to the amount of additional funding they received, by March 31, 2025, on activities that enhance, expand, or strengthen HCBS. States can use the additional funding to implement a variety of activities, including increasing provider payment rates or worker pay, providing recruitment and retention bonuses to workers, expanding paid leave or other benefits to direct workers, and improving worker training. Of the $37.1 billion that states report they will spend on HCBS as a result of ARP Section 9817, $26.3 billion is for workforce recruitment and retention activities and $3.9 billion is for workforce training activities.[63]

The *Money Follows the Person* (MFP) Demonstration[64] is a long-standing grant-funded demonstration program that is designed to:

- Increase the use of HCBS over institutional services under Medicaid;
- Eliminate barriers or mechanisms that prevent or restrict Medicaid-eligible individuals from receiving LTSS in the settings of their choice;
- Promote continued access to HCBS for Medicaid eligible individuals who choose to transition to the community from an institution; and
- Assure the quality of services for eligible individuals and promote continuous quality improvement in MFP programs.

MFP grant funding can be used by participating states and territories for workforce capacity-building activities.

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[60] Administration for Community Living. *Key Features of the Living Well Grant.* https://acl.gov/node/4164.
[61] HHS Centers for Medicare & Medicaid Services. *Strengthening and Investing in Home and Community Based Services for Medicaid Beneficiaries: American Rescue Plan Act of 2021 Section 9817*. https://www.medicaid.gov/medicaid/home-community-based-services/guidance-additional-resources/strengthening-and-investing-home-and-community-based-services-for-medicaid-beneficiaries-american-rescue-plan-act-of-2021-section-9817/index.html.
[62] Ibid.
[63] The categorization of state activities under ARP section 9817 is not mutually exclusive; spending on workforce recruitment and retention activities and on workforce training activities may be duplicative and do not sum to an unduplicated total. For more information see HHS Centers for Medicare & Medicaid Services. *Overview of State Spending under American Rescue Plan Act of 2021 (ARP) Section 9817, as of the Quarter Ending December 31, 2023*. https://www.medicaid.gov/medicaid/home-community-based-services/downloads/arp-sec9817-overview-infographic.pdf.
[64] HHS Centers for Medicare & Medicaid Services. *Money Follows the Person*. https://www.medicaid.gov/medicaid/long-term-services-supports/money-follows-person/index.html.

CMS Guidance and Technical Assistance

- Direct Care Worker Registries (CMCS Informational Bulletin): CMS issued guidance on developing and maintaining direct support worker registries, including the availability of enhanced federal funding for states to support these efforts.[65]
- Rural Direct Service Workforce Strategies: CMS provided guidance on strategies to strengthen the direct service workforce in rural areas, addressing challenges specific to these communities.[66]
- Self-Directed Services Briefs: CMS developed a series of three briefs and a research compendium on self-direction as a model for the delivery of Medicaid HCBS.
    - Origins and Benefits of Self-direction
    - Key Components of Self-directed Services
    - Operational Considerations for Self-directed Service Delivery Models
    - Self-direction Research Compendium
- Online Training for Self-Directed HCBS: CMS provided a free, online interactive training series on recruiting, selecting, and retaining direct service workers for self-directed HCBS.[67]
- Direct Care Workforce State Medicaid Learning Collaborative: CMS conducted a learning collaborative for states to share strategies and address common challenges related to the direct care workforce.[68]
- Direct Care Workforce Resources: A list of current and prior resources developed to provide technical assistance. [69]

Finally, the *Ensuring Access to Medicaid Service*s Final Rule (also referred to as the "Access Rule"), published in May 2024, aims to improve access to care, quality, and health outcomes in Medicaid programs.[70] Of particular importance to the direct care workforce, the HCBS Access Rule payment adequacy provision requires that, within four years, states report on the percentage of Medicaid payments for homemaker, home health aide, personal care, and habilitation services spent on compensation to direct care workers, and, within six years, states generally ensure that a minimum of 80 percent of Medicaid payments for homemaker, home health aide, and personal

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[65] HHS. (2023 December 13). *Development and Maintenance of Direct Support Worker Registries: Benefits of Utilization and Enhanced Federal Funding Availability*. https://www.hhs.gov/guidance/document/development-and-maintenance-direct-support-worker-registries-benefits-utilization-and.

[66] HHS Centers for Medicare & Medicaid Services. *Strengthening the Direct Service Workforce in Rural Areas.* https://www.medicaid.gov/medicaid/long-term-services-supports/downloads/hcbs-strengthening-dsw-rural-areas.pdf

[67] HHS Centers for Medicare & Medicaid Services. *Online Training for Self-directed HCBS.* https://www.medicaid.gov/medicaid/long-term-services-supports/direct-care-workforce/online-training-for-self-directed-hcbs/index.html.

[68] HHS Centers for Medicare & Medicaid Services. *Direct Service Workforce Learning Collaborative - Summary Report.* https://www.medicaid.gov/medicaid/long-term-services-supports/downloads/hcbs-learning-collaborative-summary.pdf.

[69] HHS Centers for Medicare & Medicaid Services. *Direct Care Workforce Resources* https://www.medicaid.gov/medicaid/long-term-services-supports/workforce-initiative/overviews-of-workforce-challenges-and-effective-improvement-strategies/index.html.

[70] HHS Centers for Medicare & Medicaid Services. *Ensuring Access to Medicaid Services Final Rule (CMS-2442-F)* (89 FR 40542) published April 22, 2024, available at https://www.federalregister.gov/documents/2024/05/10/2024-08363/medicaid-program-ensuring-access-to-medicaid-services.

care services be spent on compensation to the DCWs furnishing these services (subject to certain exceptions). Within three years, states must report on their readiness.

ASPE Data and Research

ASPE serves as the principal advisor to the Secretary of Health and Human Services on policy development and is responsible for major activities in policy coordination, legislation development, strategic planning, policy research, evaluation, and economic analysis. ASPE staff have conducted research to improve the evidence base, tracked policies and programs, and identified policy options to address the shortage of direct workers. ASPE continues to produce numerous reports, issue briefs, and publications on the direct care workforce to meet the HCBS payment adequacy reporting requirement.[71]

On April 25, 2024, an ASPE led HHS-DOL workgroup released recommendations, in the form of an Issue brief, to improve data infrastructure on the direct care workforce delivering HCBS, in response to Executive Order 14095.[72] The importance of direct care workers to the United States economy, combined with the increasing demand for services and persistent job quality, recruitment, and retention challenges in the sector make it critical that policymakers have data that can be used to support the workforce and track the impacts of policy changes over time. Implementing these recommendations will drive data-informed policy decisions to improve the quality of and access to HCBS for the millions of Americans who are receiving or need these services.

Conclusion

In summary, there are multiple systemic challenges in recruiting and retaining a sufficient number of direct care workers to provide services to individuals with disabilities and older adults who need such services to live independently, and far too few direct care workers are employed in good jobs. While this report summarizes the best available information on the labor market and working conditions for direct care workers, the Department of Labor, even in consultation with the Department of Health and Human Services, is not in a position to estimate the impact of the shortage of such workers on the affordability and accessibility of long-term care. What is clear is that absent significant policy changes that ensure good jobs for direct care workers, including family-sustaining wages and benefits, there will continue to be a mismatch between the supply of direct care workers and the need for their services.

The Department of Labor has provided technical assistance to Congressional committees which have drafted legislation to provide assistance to states as they tackle direct care worker needs. The Department remains ready to continue its work with the Congress, particularly on legislation that will support states that re-examine reimbursement rates; will dedicate resources to expanding labor-management partnerships and worker training; and will provide technical assistance to states and employers on recruiting and retaining direct care workers.

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[71] HHS APSE. *Topics*. https://aspe.hhs.gov/topics.
[72] HHS APSE. Improving Data on the Workforce Delivering Home and Community-Based Services published April 30, 2024, available at https://aspe.hhs.gov/reports/improving-data-hcbs-workforce