Oregon
Kate Brown, Governor

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April 24, 2015

The Honorable Alan Bates, Co-Chair
The Honorable Nancy Nathanson, Co-Chair
900 Court St NE
H-178 State Capitol
Salem OR 97301-4048

Dear Co-Chairs:

On April 16, 2015, I presented on the Policy Option Packages submitted for the Office of Developmental Disabilities (ODDS) in the Department of Human Services. In response to questions about data on actual wages paid by ODDS provider agencies, and turnover rates, please find attached the PowerPoint presentation and report from RTI International. This report was requested by the Legislature in the 13-15 Session and DHS awarded RTI International the contract to gather and analyze data from provider agencies across Aging and People with Disabilities and the Office of Developmental Disabilities and compile the final report. The executive summary and link to the final report was posted to OLIS on February 11, 2015 as part of the DHS presentation on that day. The attached is an additional report from RTI not available at that time. Information on wages paid is on PowerPoint slides 8 and 9 and data on turnover rates can be found on slide 14 in the presentation.

As discussed at the hearing, ODDS rates are based on a rate methodology that is built on data collected in a cost survey conducted in 2007 and a number of assumptions about direct support professional wages, administrative costs, productivity time and other rate components. The provider agencies set the wages for their employed direct support professionals. Some providers have employees represented by unions, others do not. Attached is a report that analyzes the impact of collective bargaining on wages that was compiled by RTI International. For ODDS services, the following represents the wages used in the rate models:

- Supported Living, assumption for Direct Care wages $10.80 per hour
- 24 Hour Residential Services, assumption for Direct Care wages $12.94 per hour
- Employment Services, assumption for Direct Care wages $10.80 per hour
- Children's Residential Services, assumption for Direct Care wages $10.86 per hour

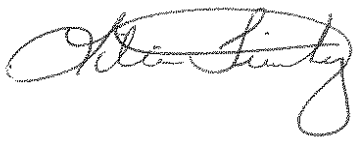
With all of the requested 4 percent rate increase applied to the direct support professional wage assumption, the calculations would be:

- Supported Living, assumption for Direct Care wages $11.23 per hour
- 24 Hour Residential Services, assumption for Direct Care wages $13.45 per hour
- Employment Services, assumption for Direct Care wages $11.32 per hour
- Children's Residential Services, assumption for Direct Care wages $11.29 per hour

For comparison purposes, the starting wage for Personal Support Workers directly hired by people with intellectual or developmental disabilities is $13.75. The starting wage for direct support professionals employed by ODDS in the Stabilization and Crisis Unit (SACU) is about $15.20.

The committee expressed interest in discussing options for ensuring the 4 percent rate increase in POP 111 would result in higher wages for direct support professionals. Results of RTI's study in this area can be found on slide 16 of the PowerPoint and DHS comments are on slide 17. We are available to meet with Legislators to discuss these options further at your convenience.

Sincerely,



Lilia Teninty, Director
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Enclosures

cc: Laurie Byerly, Legislative Fiscal Office

Wages, Fringe Benefits, and Turnover among Direct Care Workers in Oregon

Oregon Department of Human Services

Budget Note HB5029

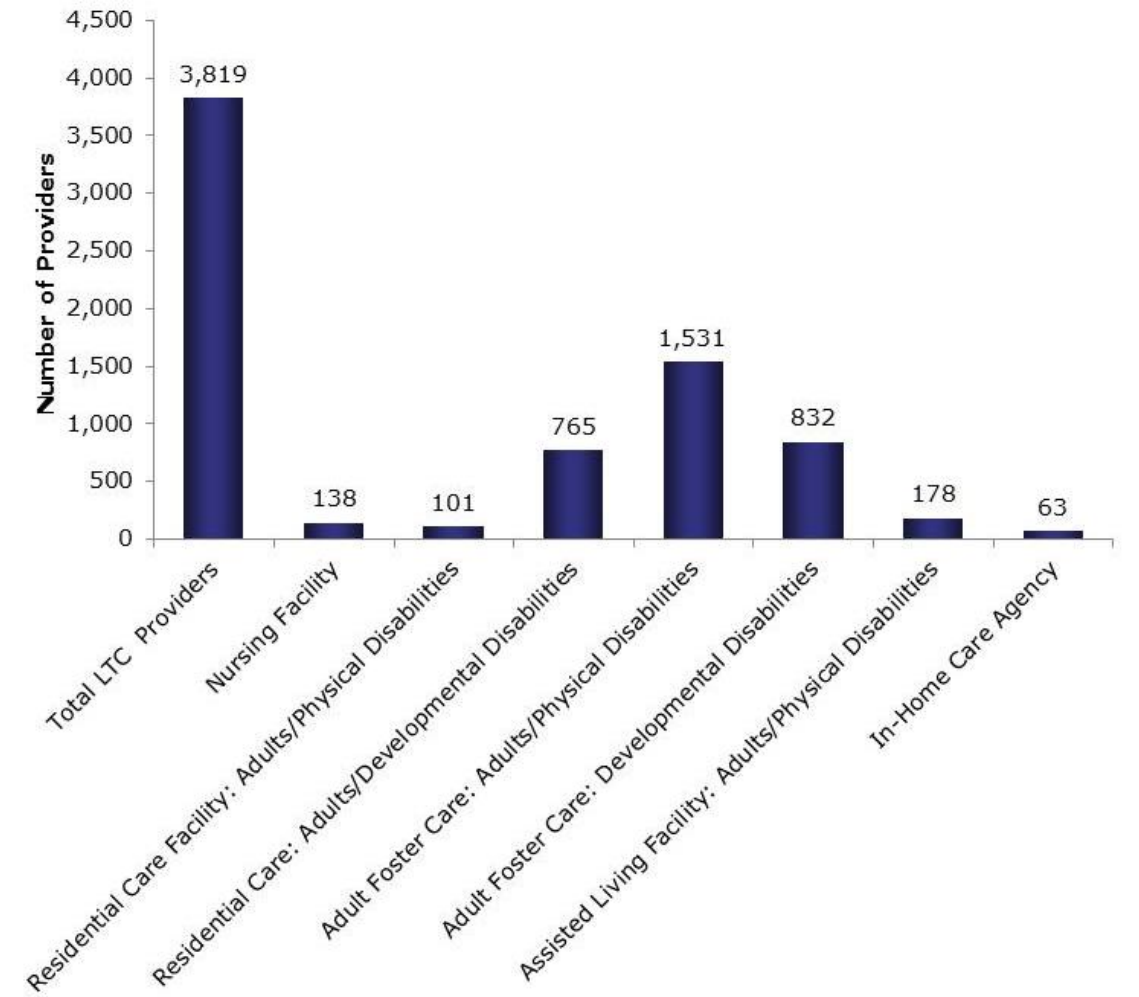
- HB5029 requires Department of Human Services to conduct a study to assess the status of direct care workers.
  - Domain 1. Profile of long-term care providers, their service users, and direct care workers
  - Domain 2. Wages, inflation, and Medicaid rates
  - Domain 3. Fringe benefits
  - Domain 4. Turnover
  - Domain 5. Options for ensuring that funding increases translate into wage increases

Contract with RTI International

- DHS contracted with RTI International, a large, nonprofit research institute
- In consultation with DHS, RTI designed, fielded, and analyzed the ***Oregon Wage and Fringe Benefit Survey of Long-Term Care Providers***
- Survey of LTC providers participating in Medicaid, except for independent providers
- Survey was conducted in summer 2014; 2,008 providers responded; 81% response rate
- Survey data was statistically weighted for non-respondents; results reflect the population of LTC providers and of direct care workers, in Oregon.

Domain 1: Profile of Long-Term Care System in Oregon

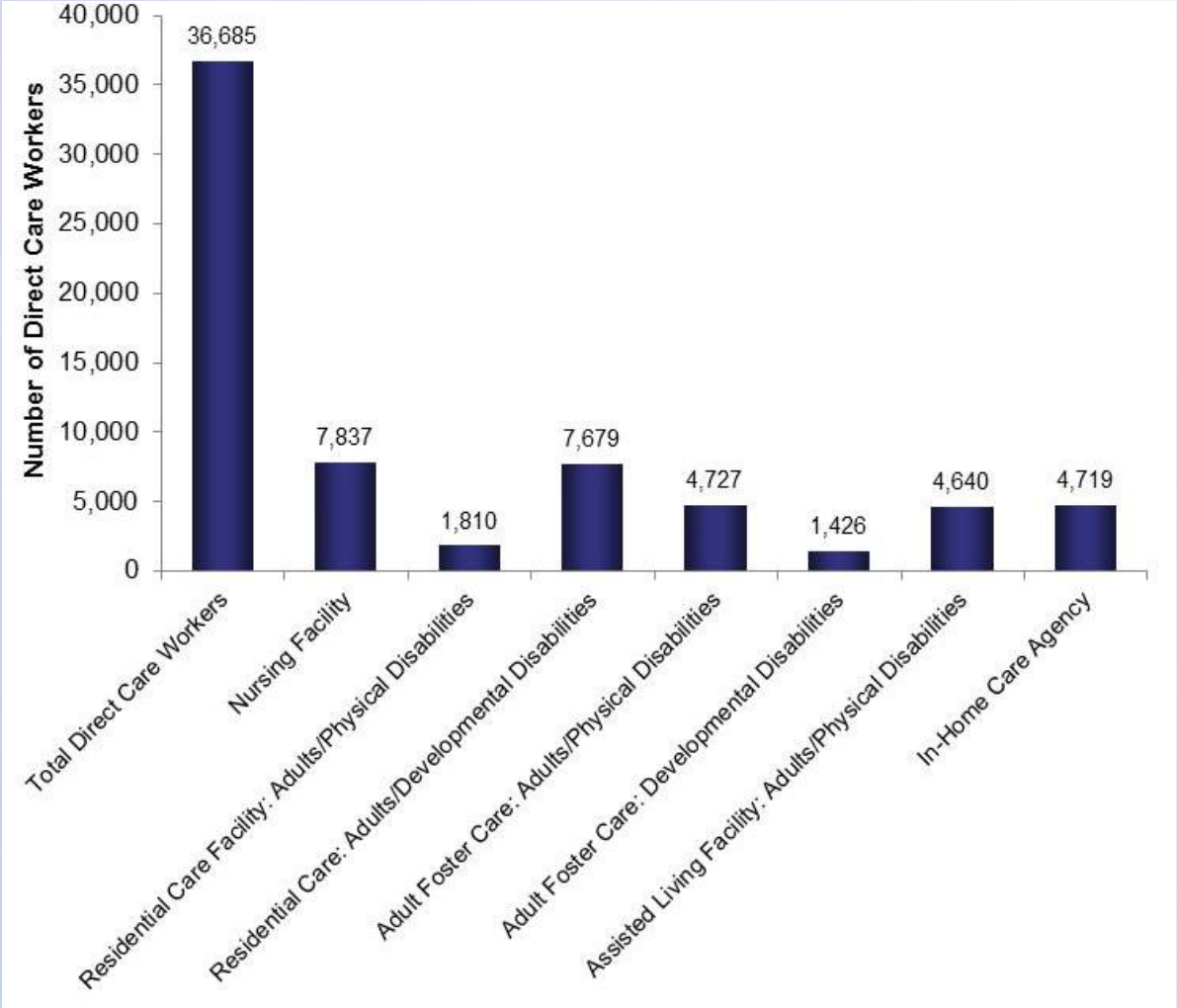
Number of Long-Term Care Providers, by Provider Type



Note: Unit of analysis is provider. No columns for adult day services, IC specialized living, and specialized living services because there were <30 responses, but they are included in total column.

Source: RTI International analysis of the 2014 Oregon Wage and Fringe Benefit Survey of Long-Term Care (LTC) Providers.

Number of Direct Care Workers, by Provider Type



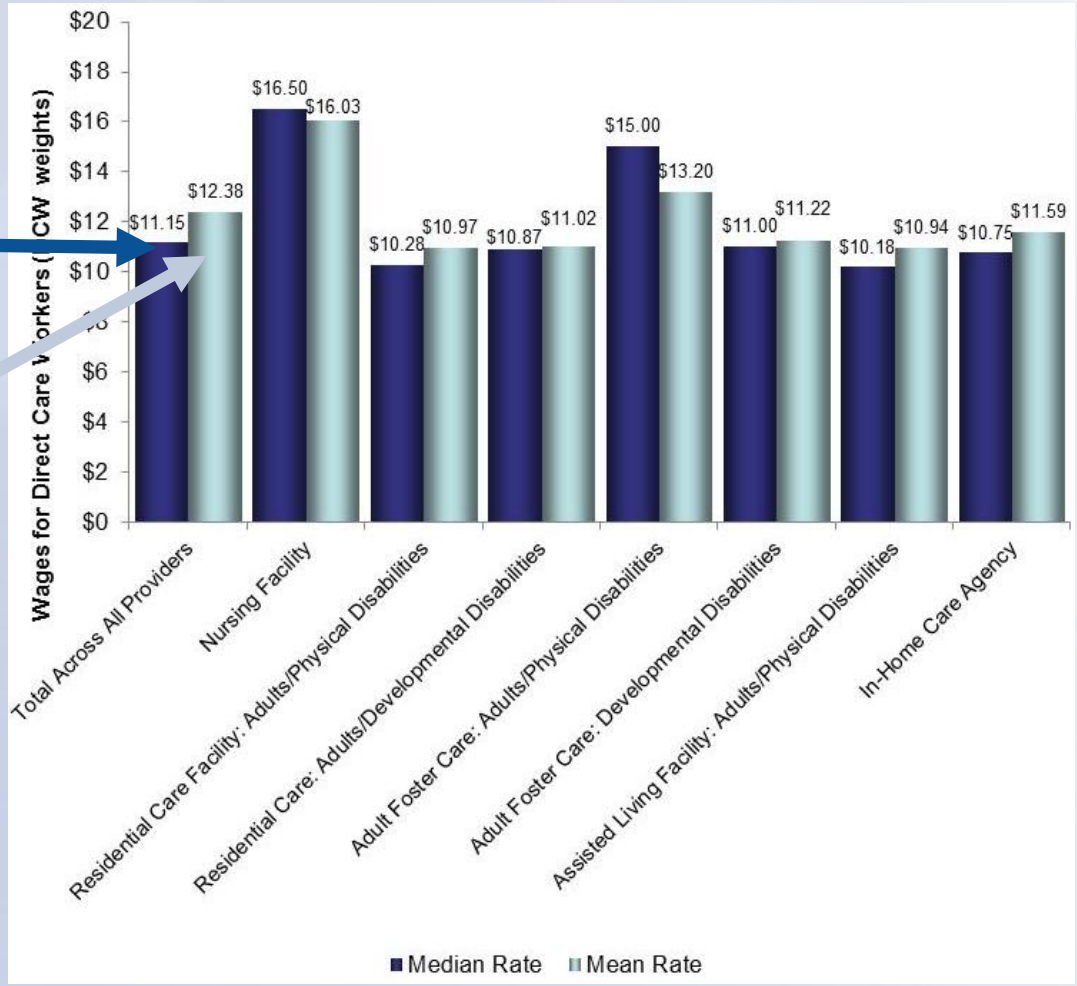
Note: Unit of analysis is direct care worker. No columns for adult day services and specialized living services because there were <30 responses, but they are included in total column.

Source: RTI International analysis of the 2014 Oregon Wage and Fringe Benefit Survey of Long-Term Care (LTC) Providers.

Domain 2: Wages, Inflation, and Medicaid Rates

Hourly Wages of Direct Care Workers, by Provider Type (averaged across direct care workers)

2014 median wage: $11.15/hr
mean wage $12.38/hr

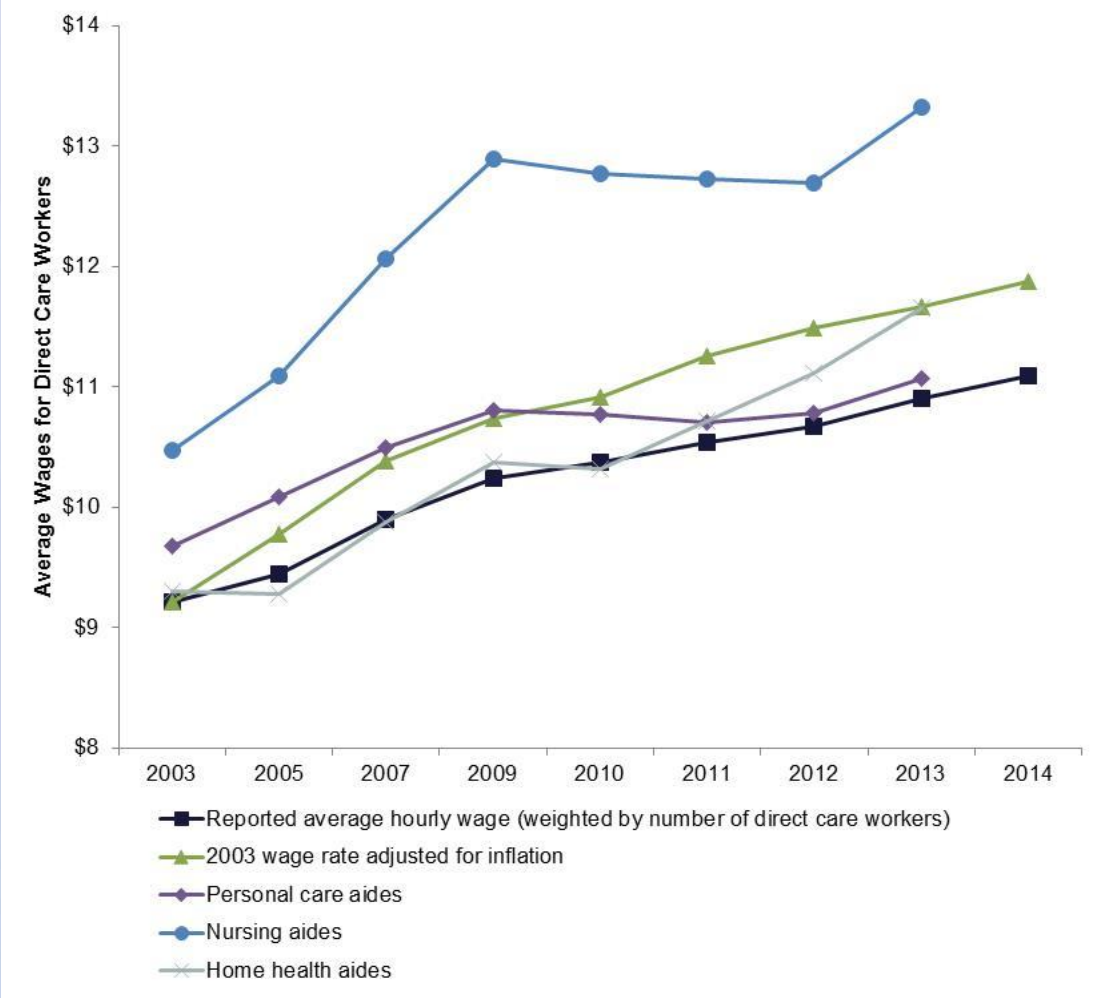


OR minimum wage $9.10

Note: Unit of analysis is direct care worker. No columns for adult day services and specialized living services because there were <30 responses, but they are included in total column.

Source: RTI International analysis of the 2014 Oregon Wage and Fringe Benefit Survey of Long-Term Care (LTC) Providers.

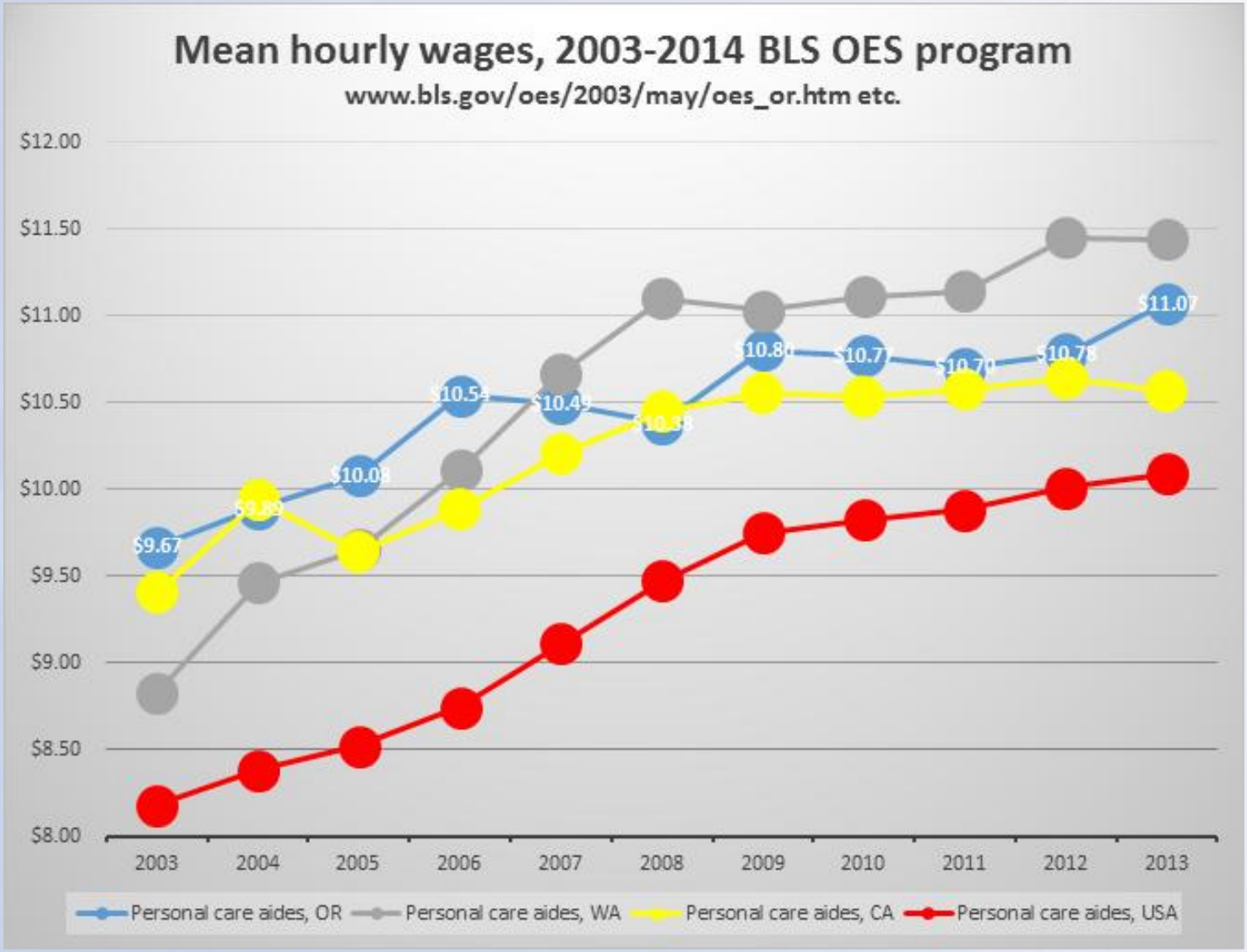
Wages for All Direct Care Workers, 2003-2014



Note: Unit of analysis is direct care worker.. Estimates for personal care aides, nursing aides, and home health aides are from the U.S. Bureau of Labor Statistics (BLS). BLS estimates not available for 2014.

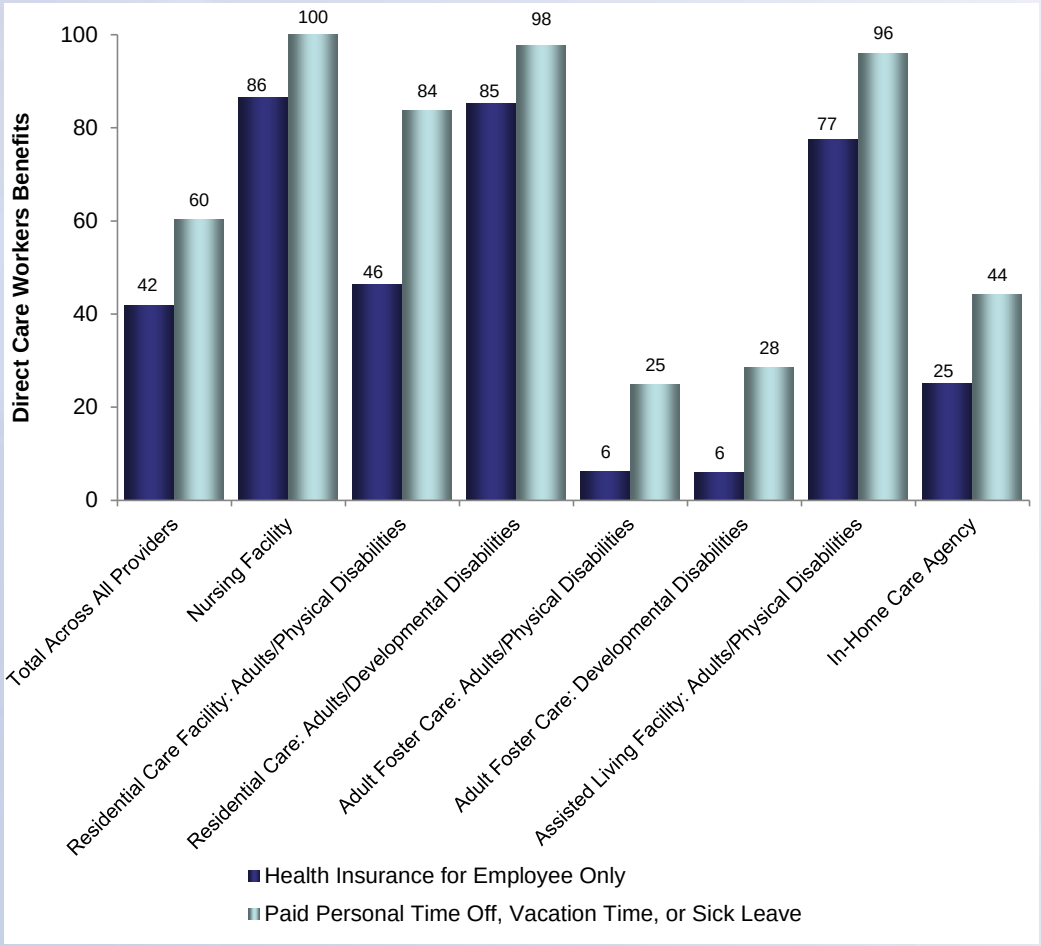
Source: RTI International analysis of the 2014 Oregon Wage and Fringe Benefit Survey of Long-Term Care (LTC) Providers.

Wage comparison to other states 2003-2013



Domain 3: Fringe Benefits

Offer of Employee-only Health Insurance and Personal Paid Time Off, by Provider Type (percentage)



Note: Unit of analysis is provider. No columns for adult day services and specialized living services because there were <30 responses, but they are included in total column.

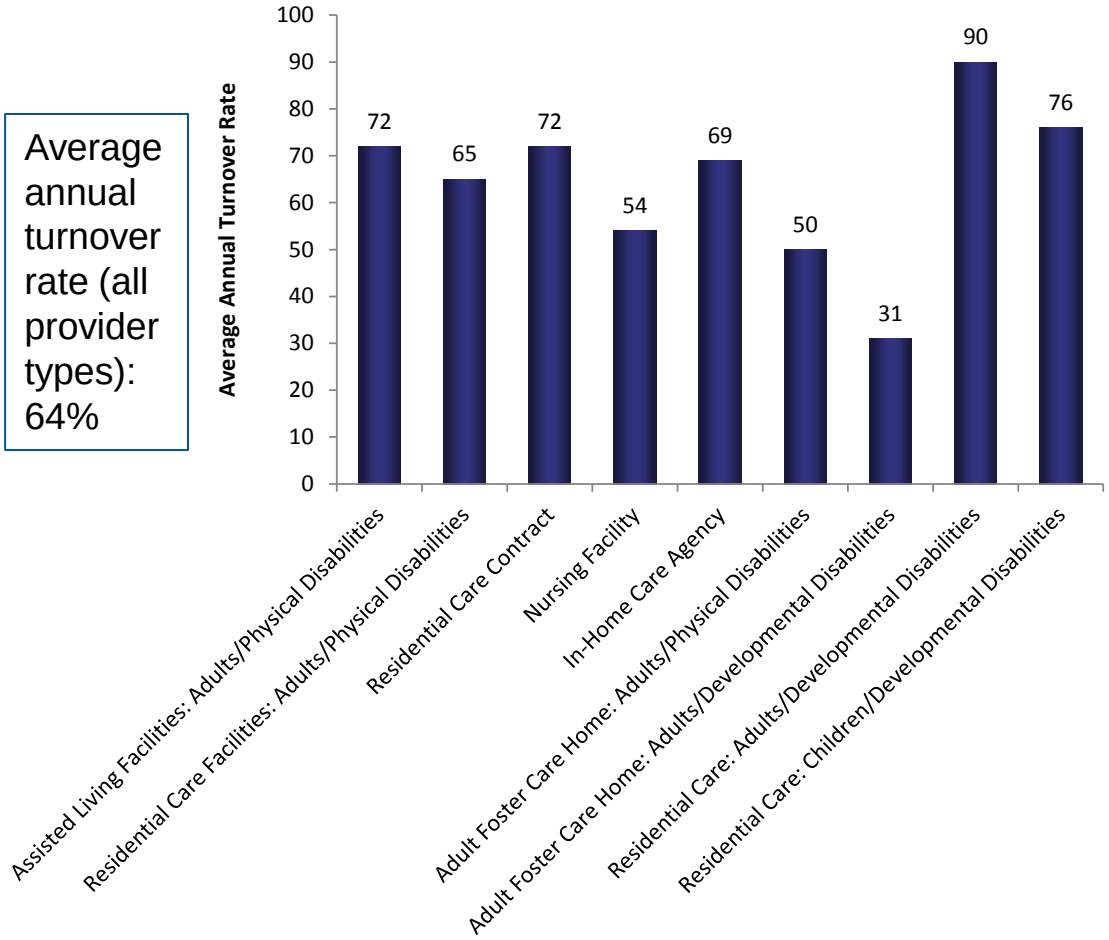
"Any fringe benefit" includes health insurance: family and employee only; paid time off: personal vacation time or sick leave and paid holidays; retirement benefits such as a pension plan such as a 401(k) or 403(b); or life insurance.

Source: RTI International analysis of the 2014 Oregon Wage and Fringe Benefit Survey of Long-Term Care (LTC) Providers.

Domain 4: Employee Turnover Rates

Average Turnover Rates of Direct Care Workers, by Provider Type (percentage)

Average annual turnover rate (all provider types): 64%



Note: Unit of analysis is provider. Turnover is calculated as estimated total number of direct care workers in 2014 (Question #18) divided by the number of current direct care workers (Question #12) adjusted by the proportion of the year that Question #18 represents.

Source: RTI International analysis of the 2014 Oregon Wage and Fringe Benefit Survey of Long-Term Care (LTC) Providers.

Domain 5: Options for Ensuring that Medicaid Rates Increases Translate into Wage Increases

Wage pass-through legislation, and other options - RTI

- Medicaid payment rate increases do not necessarily translate to comparable worker wage increases
- **Wage pass-through legislation**
  - **This option** attempts to ensure that Medicaid increases result in wage increases
  - Early research on effectiveness is mixed; more recent evidence is more positive
  - Making wage pass-through effective requires strict monitoring of providers
  - Providers in other states have resisted such legislation
  - Recourse is to sue provider in court for breach of statute or put a hold on their license which may not meet the ultimate goal as anticipated

Options for Ensuring that Medicaid Rates Increases Translate Into Wage Increases - State

- Increase minimum wage – this is not a topic DHS is prepared to speak to on the larger statewide impact
- Prepare contractual provisions that either mirror pass-through legislation or otherwise dictate a pass through of wages based on performance.
  - Pro – easy to implement the change in contract as provider either agrees to it or not.
  - Con – Administratively burdensome and would require additional I/DD staff. Recourse for non compliance is to sue provider for breach of contract which may still not get result anticipated. In addition, as with wage pass through legislation being seen as a third party employer is a risk.
- Collective bargaining a consideration
- Let market determine appropriate wages

Summary

- Not including independent providers, 3,819 LTC providers participate in the Oregon Medicaid program, employing 36,685 direct care workers, serving 45,858 people
- In 2014, the mean wage of direct care workers, weighted by the number of workers, was $12.38 and the median wage was $11.15
- While wages have increased over time, they have not kept pace with either inflation or increases in Medicaid payment rates
- Fringe benefit offerings by LTC providers vary greatly by type of benefit and provider type. The most commonly offered fringe benefit is paid personal time off, followed by paid holidays and employee-only health insurance

Summary (cont.)

- Fringe benefits that require an employee financial contribution, such as health insurance, retirement benefits, and life insurance, have low participation rates
- Offer of fringe benefits increased from 2010 to 2014
- Average annual turnover among direct care workers was 64%, with wide variation across provider types
- Wage pass-through legislation and other options can be a successful strategy in increasing worker wages, but requires extensive oversight.

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March 2015

Analysis of the Effect of Collective Bargaining on Wages, Fringe Benefits, and Turnover for Direct Care Workers Working for Long-Term Care Providers in Oregon

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CONTENTS

TABLES

1. INTRODUCTION

At the request of the Oregon Department of Human Services, RTI International analyzed the effect of collective bargaining on wages and offer of fringe benefits and turnover among direct care workers employed by nursing facilities and residential care facilities for adults with developmental disabilities. The 2014 Oregon Wage and Fringe Benefit Survey of Long-Term Care (LTC) Providers was analyzed to address these issues.

The purpose of the analysis was to assess the extent to which collective bargaining might be a strategy to raise wages, increase the offer of fringe benefits, and reduce turnover among direct care workers employed by LTC providers in Oregon. Nursing facilities and residential care facilities for adults/developmental disabilities were chosen for analysis because they had the highest use of collective bargaining among all LTC providers in Oregon. In the survey, providers were asked the following question: "How does this provider determine the wages and fringe benefits for direct care workers?" The possible answers were "provider determined" or "determined by a union or other collective bargaining process."

2. RESULTS

2.1 Characteristics of Providers That Use and Do Not Use Collective Bargaining

Table 1 presents basic descriptive characteristics of nursing facilities and residential care facilities for adults/developmental disabilities that use collective bargaining and facilities that do not use collective bargaining.

- Approximately 28 percent of nursing facilities used collective bargaining. These facilities were more likely to be for-profit organizations, to be part of a multifacility chain, to be located in urban areas, and to have slightly higher dependence on Medicaid than facilities that did not use collective bargaining. Indeed, almost all of the nursing facilities using collective bargaining were for-profit organizations and part of multifacility chains.
- Among residential care facilities for adults/developmental disabilities, a much smaller percentage of facilities, approximately 11 percent of facilities used collective bargaining. These facilities were less likely to be for-profit, less likely to be chains, more likely to be located in urban areas, and to be much less dependent on Medicaid than facilities that did not use collective bargaining.

Table 1. Characteristics of Nursing Facilities and Residential Care Facilities for Adults with Developmental Disabilities, by Collective Bargaining Status

Characteristic	Nursing Facilities with Collective Bargaining (34)	Nursing Facilities without Collective Bargaining (88)	Total Nursing Facilities (122)	Residential Care Facilities for Adults with Developmental Disabilities with Collective Bargaining (20)	Residential Care Facilities for Adults with Developmental Disabilities without Collective Bargaining (376)	Total Residential Care Facilities for Adults with Developmental Disabilities (396)
Total Number of Facilities (percent)	27.88	72.12	100.00	11.01	88.99	100.00
For profit (percent)	93.10	74.67	79.81	42.86	67.18	65.94
Chain ownership (percent)	93.10	74.67	79.81	7.14	16.03	15.58
MSA : Metropolitan (percent)	79.31	72.00	74.04	100.0	86.26	86.96
Average % Medicaid	63.12	61.95	62.28	52.78	81.03	79.93

MSA = metropolitan statistical area.

Note: Facility weights were used.

Source: RTI International analysis of the Oregon Wage and Fringe Benefit Survey of Long-Term Care (LTC) Providers.

2.2 Descriptive Analysis of Effective of Collective Bargaining on Wages, Fringe Benefits, and Turnover

Table 2 presents the descriptive analyses of the effective of collective bargaining on wages, fringe benefits, and turnover.

- For nursing facilities, facilities using collective bargaining had lower wages, about the same prevalence of offering fringe benefits, and lower turnover rates than facilities that did not use collective bargaining. Facilities using collective bargaining paid their direct care workers an average of $0.58 per hour less than workers in facilities that did not use collective bargaining.
- For residential care facilities, facilities using collective bargaining had lower wages, lower offering of fringe benefits, and about the same turnover rates as facilities that did not use collective bargaining. Facilities using collective bargaining paid their direct care workers an average of $0.98 per hour less than workers in facilities that did not use collective bargaining.

Table 2. Direct Care Worker Wages, Fringe Benefits, and Turnover Rate for Nursing Facilities and Residential Care Facilities for Adults with Developmental Disabilities, by Collective Bargaining Status

Outcome	Nursing Facilities with Collective Bargaining	Nursing Facilities without Collective Bargaining	Total Nursing Facilities	Residential Care Facilities for Adults with Developmental Disabilities with Collective Bargaining	Residential Care Facilities for Adults with Developmental Disabilities without Collective Bargaining	Total Residential Care Facilities for Adults with Developmental Disabilities
Average wage	$15.00	$15.58	$15.40	$10.23	$11.21	$11.17
Median wage	$14.72	$15.42	$15.00	$10.00	$10.50	$10.50
Offer of employee-only health insurance to full-time direct care workers (percent)	82.76	85.33	84.62	0	6.87	6.52
Offer of paid personal time off, vacation time, or sick leave offered for full-time direct care workers (percent)	100.0	100.0	100.0	21.43	31.30	30.80
Average annual turnover rate (percent)	55	68	64	39	41	41

Note: Facility weights were used.

Source: RTI International analysis of the Oregon Wage and Fringe Benefit Survey of Long-Term Care (LTC) Providers.

2.3 Multivariate Analyses of the Effect of Collective Bargaining on Wages, Fringe Benefits, and Turnover

Table 3 presents the results of the regression analysis estimating average wages for direct care workers, controlling for-profit ownership, chain ownership, metropolitan location, percent Medicaid, and use of collective bargaining. Only the collective bargaining variable is shown.

- For nursing facilities, holding other variables constant, facilities using collective bargaining paid their workers $1.08 less than facilities that did not use collective bargaining. The difference was statistically significant at the $p<0.06$ level, which is marginally statistically significant.
- For residential care facilities for adults/developmental disabilities, the collective bargaining variable was <u>not</u> a statistically significant predictor of wages.

Table 3. OLS Regression of Average Wages in Nursing Facilities and Residential Care Facilities for Adults with Developmental Disabilities: Collective Bargaining

Variable	Coefficient	P-value
Nursing Facilities	-1.077	0.0643
Residential Care Facilities for Adults with Developmental Disabilities	-0.951	0.3019

Note: Facility weights were used.

Source: RTI International analysis of the Oregon Wage and Fringe Benefit Survey of Long-Term Care (LTC) Providers.

Tables 4 and ***5*** present the results of the regression estimating the offering of employee-only health insurance to full-time direct care workers and the offering of paid personal time off, vacation time, or sick leave to full-time direct care workers controlling for profit ownership, chain ownership, metropolitan location, percent Medicaid, and collective bargaining. Only the collective bargaining variable is shown. Because all nursing facilities offered paid personal time off, vacation time, or sick leave, the analyses could not be performed for that provider type.

- For nursing facilities, holding other variables constant, use of collective bargaining was not a statistically significant predictor of offering employee-only health insurance.
- For residential care facilities, holding other variables constant, use of collective bargaining was not a statistically significant predictor of either offering employee-only health insurance or personal time off, vacation, or sick leave for full-time direct care workers.

Table 4. Logistic Regression of Offer of Employee-only Health Insurance for Full-time Direct Care Workers in Nursing Facilities and Residential Care Facilities for Adults with Developmental Disabilities: Collective Bargaining

Variable	Coefficient	Odds Ratio	P-value
Nursing Facilities	-0.2432	0.615	0.4679
Residential Care Facilities for Adults with Developmental Disabilities	-7.7795	<0.001	0.9955

Note: Facility weights were used.

Source: RTI International analysis of the Oregon Wage and Fringe Benefit Survey of Long-Term Care (LTC) Providers.

Table 5. Logistic Regression of Offer of Personal Time Off, Vacation or Sick Leave for Full-time Workers in Residential Care Facilities for Adults with Developmental Disabilities: Collective Bargaining

Variable	Coefficient	Odds Ratio	P-value
Residential Care Facilities for Adults with Developmental Disabilities	-0.0978	0.822	0.7807

Note: Facility weights were used.

Source: RTI International analysis of the Oregon Wage and Fringe Benefit Survey of Long-Term Care (LTC) Providers.

Table 6 presents the results of the regression estimating turnover rate for direct care workers controlling for profit ownership, chain ownership, metropolitan location, percent Medicaid, and use of collective bargaining. Only the collective bargaining variable is shown.

- For nursing facilities, holding other variables constant, use of collective bargaining was not a statistically significant predictor of turnover rates among direct care workers.
- For residential care facilities for adults/developmental disabilities, holding other variables constant, use of collective bargaining was not a statistically significant predictor of turnover.

Table 6. OLS Regression of Average Turnover Rate in Nursing Facilities and Residential Care Facilities for Adults with Developmental Disabilities: Collective Bargaining

Variable	Coefficient	P-value
Nursing Homes	-0.1543	0.5011
Residential Care Facilities for Adults with Developmental Disabilities	-0.0503	0.7934

Note: Facility weights were used.

Source: RTI International analysis of the Oregon Wage and Fringe Benefit Survey of Long-Term Care (LTC) Providers.

3. DISCUSSION

The results of the analyses of the effect of collective bargaining on wages, offer of fringe benefits, and turnover were counter to what was expected. The analysis produced no results that suggested that facilities that used collective bargaining had higher wages or were more likely to offer fringe benefits. Nursing facilities that used collective bargaining had lower turnover rates in the descriptive analysis, but that difference disappeared in the regression analysis that controlled for other variables. In the descriptive analyses, facilities that used collective bargaining did worse on most measures than facilities that did not use collective bargaining.

It is not immediately obvious what causes these results. It may be that unions have targeted facilities for organizing that had unusually low wages and offer of fringe benefits and that the collective bargaining only partially compensated for that low starting point.

There are at least two limitations of the analysis. First, the analysis is cross-sectional rather than longitudinal, so that we cannot say that collective bargaining caused an outcome. Second, from a statistical perspective, there are a relatively small number of providers to analyze. There were only 34 nursing facilities and 20 residential care facilities for adults for developmental disabilities that used collective bargaining. Given the relatively small number of nursing facilities and modest number of residential care facilities for adults with developmental disabilities, only a limited number of statistical controls could be applied. Thus, these results should be viewed as suggestive rather than definitive.