

Access to Homecare: The Cost and Impact of Not Being Able to Find a Homecare Worker



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The Economic and Social Costs of Lacking Homecare

Executive Summary

This report measures and compares the costs of homecare to its alternatives – institutional care and the lack of access to paid homecare. It finds:

1. The monthly median consumer cost for a full-time home health aide is less than half of the same for a private room in a nursing facility.
2. The state cost to provide the average monthly amount of homecare is nearly equivalent to a month in an assisted living facility or adult foster home.
3. The monthly state cost for the average homecare consumer is nearly \$300 less expensive than a residential care facility (\$3,597 per year); a memory care facility by more than \$3,997 (\$47,973 per year); or a skilled nursing facility by more than \$11,854 (\$142,249 per year).
4. In 2021, the average expense per inpatient day in Oregon hospitals was \$3,861, the equivalent of more than 217 homecare hours.
5. Unpaid family caregivers lose an average of \$5,250 in earnings per year in lost wages.
6. Family caregivers of people with dementia are more prone to physical illnesses, chronic health conditions, stress-related heart diseases, and symptoms of depression.

Background

Oregon is aging. State economists project that by 2030, Oregon will have at least 27,000 more residents over the age of 85, an increase of 33% from 2020 population levels.¹

“Our elder[s] and disabled [neighbors] are isolated and alone. They need to be home with their pets and support people, [and] pictures on the walls telling stories about their life. Memories. Things that keep them happy and secure also give them the will to live.”

Melynda Bass, homecare worker, Douglas County

As we age, we often need help with our “activities of daily living” (ADLs), basic health and safety functions like mobility and bathing.² ADL impairment is associated with increases in negative and often avoidable health consequences such as falling, cognitive decline, and hospitalization. More than 41% of adults older than 85 live with functional ADL impairment, and the incidence of impairment among people aged 50-64, currently at 15%, is on the rise.³ In addition, Oregonians of all ages with disabilities may face ADL impairments.

Even for individuals who have friends and family to help them, there are significant costs for the individual, their loved ones, and their communities when homecare is unavailable. Without

¹ Table C.10 Elderly Population by Age Group. <https://www.oregon.gov/das/oea/Documents/appendixc.pdf>

² “Instrumental activities of daily living,” or IADLs, are more complex self-management tasks like transportation, shopping, and medication management.

³ <https://doi.org/10.1093/gerona/glab250>

homecare, people are exposed to greater economic and health risks, and may lose the ability to live independently. It can mean increasing costs for the friends and family who provide unpaid caregiving. For people who live alone and don't have close social connections, it can result in painful and dangerous isolation.

When the majority of older adults and adults with disabilities prefer to live in community settings, institutional care settings should be a last resort.^{4,5} Already, nearly two-thirds of adults older than 65 will use in-home care at some point in their lives, but low wages and inadequate benefits do not attract the workers necessary to provide in-home care for all who need it.⁶ According to 2022 Oregon Employment Department data, there were more difficult-to-fill vacant positions for Personal Care Aides than for any other occupation in Oregon.⁷ Meanwhile, the state expects demand for these jobs to increase by 26% between 2021 and 2031.⁸

Economic Costs

Institutions are designed to support individuals who have more frequent and acute care needs, such as therapeutic care or a secure and supervised environment. Homecare provides a safety net that can help prevent ADL impairment from worsening into health consequences that require more expensive, intensive institutional care.

“Taking an elderly person out of their home can have devastating consequences for them. Many times, cognitive decline happens much quicker when people are forced to uproot their lives and live in unfamiliar surroundings. They can be scared and confused and even combative. Why would we do that to people when we can simply let them stay in their own homes where they feel safest?”

Shannon Romo, homecare worker, Grants Pass

A familiar pipeline for older adults with ADL impairments and without homecare begins with hospitalization, followed by reduced ADL functionality and admission to a nursing facility. Once an older adult is hospitalized, they often experience serious functional decline and increased

⁴ <https://www.aarp.org/home-family/your-home/info-2021/home-and-community-preferences-survey.html>

⁵ <https://doi.org/10.1016/j.dhjo.2019.06.011>

⁶ <https://acl.gov/ltc/basic-needs/how-much-care-will-you-need>

⁷ “Personal Care Aides” is the name of the job category that homecare workers are classified in for government statistics. “Difficult to Fill Job Openings in 2022”

https://qualityinfo.org/web/guest/-/difficult-to-fill-job-openings-in-2022?inheritRedirect=true&redirect=https%3A%2F%2Fqualityinfo.org%2Fweb%2Fquest%2Fhome%3Fp_p_id%3Dcom.liferay.portal.search.web.portlet.SearchPortlet%26p_p_lifecycle%3D0%26p_p_state%3Dmaximized%26p_p_mode%3Dview%26_com.liferay.portal.search.web.portlet.SearchPortlet.redirect%3Dhttps%253A%252F%252Fqualityinfo.org%252Fweb%252Fquest%252Fhome%253Fp_p_id%26_com.liferay.portal.search.web.portlet.SearchPortlet.mvcPath%3D%252Fsearch.jsp%26_com.liferay.portal.search.web.portlet.SearchPortlet.keywords%3Dhard%2Bto%2Bfill%26_com.liferay.portal.search.web.portlet.SearchPortlet.formDate%3D1698688126987%26_com.liferay.portal.search.web.portlet.SearchPortlet.scope%3Dthis-site

⁸ Oregon Occupational Employment Projections 2021-2031. <https://www.qualityinfo.org/projections#1>

dependency.⁹ Studies have found that about a third of older adults suffer a decline in ADL performance between preadmission and discharge from the hospital.^{10,11}

Homecare assistance with ADLs reduces the chances of acute care hospitalization upfront, which are heightened when people lack informal caregivers or live alone.¹² Even when hospitalization is necessary, homecare meaningfully improves post-discharge ADL performance and reduces nursing facility admissions.¹³

The homecare safety net is not only vital for the longevity of people's independence and health; it also protects people and the state from the substantial costs of avoidable institutional care. For Oregon care recipients, the monthly median cost of a full-time home health aide is less than half of the monthly median cost of a private room in a nursing facility.¹⁴

For the state, the monthly cost of the average amount of homecare or personal support services is less expensive than a month in a residential care facility by more than \$299 (\$3,597 per year), a memory care facility by more than \$3,997 (\$47,973 per year), or a skilled nursing facility by more than \$11,854 (\$142,249 per year).¹⁵

The average length of time people use homecare in the United States is two years.¹⁶ If the state provided the average amount of homecare to someone for two years, it would cost approximately \$47,502. That's equal to the cost of a little more than three months in a nursing facility or less than eight months in a memory care facility.

Moreover, the state cost of reimbursing a month of nursing facility care is rising faster than the state cost of reimbursing a month of homecare. Between 2013 and 2023, homecare reimbursement costs increased 6% per year on average while skilled nursing facility reimbursement costs increased nearly 8%.¹⁷

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https://journals.lww.com/ajnonline/Fulltext/2006/01000/Functional_Decline_in_Hospitalized_Older_Adults_00032.aspx

¹⁰ <https://pubmed.ncbi.nlm.nih.gov/8629876/>

¹¹ <https://pubmed.ncbi.nlm.nih.gov/7715644/>

¹² <https://doi.org/10.1177/1084822311419498>

¹³ <https://www.ncbi.nlm.nih.gov/pmc/articles/PMC1495595/>

¹⁴ <https://www.genworth.com/aging-and-you/finances/cost-of-care.html>

¹⁵ Department of Human Services, Aging and People with Disabilities rate schedule, 2023.

<http://www.dhs.state.or.us/spd/tools/program/osip/rateschedule.pdf>

¹⁶ <https://acl.gov/ltc/basic-needs/how-much-care-will-you-need>

¹⁷ Department of Human Services, Aging and People with Disabilities rate schedules, 2013-2023.

State Cost of Reimbursing Services by Care Setting

Care Setting	Monthly Cost of Basic Services as of January 1, 2024 ¹⁸	Average Annual Cost Increase between 2013 and 2023
Homecare or Personal Support Worker*	\$1,979.25	6.0%
Assisted Living Facility (Level 1)	\$1,830	5.9%
Adult Foster Home	\$2,029	4.2%
Residential Care Facility	\$2,279	5.9%
Memory Care Facility	\$5,977	5.9%
Skilled Nursing Facility	\$13,833.37	7.9%

* APD sets homecare worker rates on an hourly basis. To create a monthly comparable rate, we used the average monthly hours for a homecare or personal support worker (101.5 hours) at the current homecare and personal support worker base rate of \$19.50 per hour.

Avoidable hospitalizations also threaten the sustainability of the hospital system. In 2021, the average expense per inpatient day in Oregon hospitals was \$3,861, the equivalent of more than 217 homecare hours – nearly five and a half weeks of full-time homecare.¹⁹

There are other costs to consider, including the financial burden on unpaid friend and family caregivers. In 2019, researchers found that the total volume of lost earnings of unpaid family caregivers in the United States was \$67 billion; on average, \$5,250 of lost earnings per caregiver.²⁰ These lost earnings are primarily borne by women, who represent more than 60% of unpaid caregivers for elders with a chronic, age-related condition, and caregivers in low-income households.²¹ The average unpaid family caregiver uses more than a quarter of their income to provide caregiving, more than half of which goes to housing costs, and the poorest unpaid family caregivers (those in households making less than \$35,000) spend nearly three-quarters of their income on caregiving.²² The most financially strained caregivers from low-income households accumulate debt so they can keep providing care.

¹⁸ Department of Human Services, Aging and People with Disabilities rate schedule, 2023.

<http://www.dhs.state.or.us/spd/tools/program/osip/rateschedule.pdf>

¹⁹ <https://www.kff.org/health-costs/state-indicator/expenses-per-inpatient-day/>

²⁰ <https://www.healthaffairs.org/doi/10.1377/hlthaff.2019.00008>

²¹ 35% of these women are aged 55 and older. <https://blog.dol.gov/2023/11/20/by-the-numbers-5-facts-about-older-women-providing-unpaid-care#:~:text=Eldercare%20is%20%E2%80%93%20and%20will%20continue,%2D%2D%20on%20any%20given%20day.>

²² https://www.aarp.org/content/dam/aarp/research/surveys_statistics/ltc/2021/family-caregivers-cost-survey-2021.doi.10.26419-2Fres.00473.001.pdf

Social Costs

Oregonians' lack of access to homecare has wide-reaching social costs on the quality of life of the individual, their family, and their community.

One in ten adults older than 65 live alone, predominately in rural areas where homecare is scarcer.²³ The percentage of seniors living alone has grown every decade in the last 80 years.²⁴ Potentially, the majority of older adult households will soon be single-person households.²⁵ Without informal or formal caregiving, the ADL and IADL impairment associated with older age, such as grocery shopping and medication management, can easily become major health risks. Social isolation is also strongly associated with a greater risk of diabetes, nutrition issues, heart and lung conditions, arthritis, depression, and increased mortality.²⁶ One study estimates that the combined effects of social isolation could be as harmful as smoking 15 cigarettes a day.²⁷

The risks are cognitive as well as physical. Older adults living alone face increased exposure to accelerated development of cognitive disorders such as Alzheimer's and dementia.²⁸ In rural areas, the risks are more pronounced.²⁹

When older adults lack robust social support networks, the companionship offered by homecare can become a critical service. "Loneliness is a real thing," says Shannon Romo, a homecare worker in Grants Pass. "Caregivers don't only provide help with things like ADLs and meds. They are often the client's only link to the outside world. The healthier their mental state is, the healthier their whole body is."

There are also considerable stressors on informal caregivers who fill in where paid homecare might otherwise. Family caregivers of people with dementia are more prone to physical illnesses, chronic health conditions, and stress-related heart diseases.³⁰ Approximately a third of these family caregivers cite symptoms of depression.³¹ The availability of affordable, professional homecare is central to avoiding burnout and protecting the health of family caregivers.

²³ <https://www.census.gov/library/stories/2023/06/more-than-a-quarter-all-households-have-one-person.html>

²⁴ Ibid.

²⁵ <https://www.jchs.harvard.edu/blog/the-number-of-people-living-alone-in-their-80s-and-90s-is-set-to-soar>

²⁶ Lipman, M., & Waxman, E. (2017, May 31). For socially isolated seniors, Meals on Wheels delivers more than food. Retrieved December 10, 2019, from Urban Wire website: <https://www.urban.org/urban-wire/socially-isolated-seniors-meals-wheels-delivers-more-food>

²⁷ Smith, T. B., Holt-Lunstad, J., & Layton, J. B. (2010). Social Relationships and Mortality Risk: A Meta-Analytic Review. *PLoS Medicine*, 7(7), 22.

²⁸ <https://doi.org/10.1371/journal.pone.0280471>

²⁹ Ibid.

³⁰ <https://www.sciencedirect.com/science/article/pii/S1552526013000769?via%3Dihub>

³¹ Ibid.

Discussion

Accessible, quality homecare is essential to fulfilling people's desire for independence and advancing Oregon's mission of helping people "achieve optimum physical, mental, and social well-being."³² When the state fails to invest enough in homecare, it loses an important means of realizing this vision and a frontline defense against health-related economic precarity for the growing population of older adults, people with disabilities, and their friends and family.

Medicaid recipients and people with disabilities are especially vulnerable to economic shocks. When 40% of Medicaid recipients older than 65 pay more than 30% of their income on housing needs, and about one in four people with disabilities pay over 50%, an unexpected hospitalization can have devastating consequences.^{33,34} Institutionalization after a health event may force individuals to not only give up their home but also their community when there are no nearby institutions.

Not every at-home health risk is neutralized by homecare, but people have the strongest chance to live independently in their own home and community when there is a robustly supported, well-funded, and well-trained homecare workforce.

³² <https://secure.sos.state.or.us/oard/displayDivisionRules.action?selectedDivision=1746>

³³ <https://www.kff.org/medicaid/issue-brief/housing-affordability-adequacy-and-access-to-the-internet-in-homes-of-medicaid-enrollees/>

³⁴ <https://heller.brandeis.edu/community-living-policy/images/pdfpublications/2020aprilhousingbrief.pdf>

Recommendations

Oregon must modernize and strengthen its homecare system.

Critical, widespread issues remain unaddressed in the consumer-employer model. Onboarding new workers is lengthy and onerous; timekeeping and payment systems consistently lead to untimely and inaccurate pay; worker calls to the Oregon Home Care Commission about their working conditions and issues at their jobs go unanswered. Many homecare workers in the consumer-employer model do this work because they serve friends and family members. They value the direct connection and relationship they have with the people they serve, without the need for a private agency intermediary. However, they face increasingly difficult barriers in a service type designed to maximize independence for care recipients. The consumer-employer model is a pillar of quality, independent care that is at risk of falling apart without urgent action.

The homecare workforce must also grow to meet rising demand for services. The Department of Human Services requires better metrics to assess workforce adequacy and identify where unmet needs exist. Collaborating with communities, the department needs to recruit new workers to the state care system and evaluate the success of their recruitment programs. Swift implementation of enhanced employment supports for homecare workers is essential to resolve the issues in the consumer-employer model described above.

We know from our members and the Oregonians they serve that homecare changes people's lives. It offers them stability, dignity, and care they might otherwise lack. In homecare research, however, there is a lack of robust longitudinal studies. For instance, it would be valuable to the state to learn more about the way homecare works over a period of time as *preventative care*. How much does homecare increase housing and economic security? What mental health benefits of companionship does homecare provide for people who don't have friends or family in their lives? These are questions that homecare literature has only partially or indirectly answered. A longitudinal study that follows people as they move through types of care could reveal important insights about the way care types are related to one another and how to structure a proactive, comprehensive care system that meets people's needs where they are and keeps them as independent as possible.

Conclusion

The social and economic costs of unmet care needs for older adults and people with disabilities are significant, and Oregon needs to act now to make investments in homecare to meet the growing demand and ensure that Oregonians can remain in their homes and part of their communities.