

Effect of Self-Direction on Personal Care Aide Wages

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Objective/Issue

The supply of direct care workers (DCWs), including personal care aides (PCAs), who assist people receiving long-term services and supports is a growing concern. PCA shortages result, in part, from the low wages earned by these workers. Self-direction (SD) may influence wages because SD allows home care recipients to hire and manage workers, including setting worker wages in most states. In this study we used wage data from the Bureau of Labor Statistics to examine the effect SD has had on the wages of PCAs. We also compare PCA wages with other entry level workers.

Data/Setting

To determine when states implemented SD, we compiled data from the Medicaid State Waivers List available from the Centers for Medicare and Medicaid Services, the Applied Self-Direction 2011 and 2016 Self-Direction Program Inventories, and the 2002 ASPE Consumer-Directed Support Service Program Inventory. To calculate the wages of PCAs and other entry-level workers, we obtained state-level wage data for PCAs and other entry level workers from the U.S. Bureau of Labor Statistics (BLS) Occupational Employment and Wage Statistics (OEWS) program. We used the Department of Labor Occupational Information Network (O*Net) classification of other entry-level jobs as jobs included in job zones 1 (little or no preparation needed) and 2 (some preparation needed) The O*NET categorizes PCAs as job zone 2 (some preparation needed).

Design/Methods

First, we conducted a descriptive analysis on the current state of the PCA wage gap by comparing the weighted average median wages of PCAs to those of other entry-level workers in each state. We also compared the wage gap in states that allow participants to set worker wages and those that do not. Second, we examined the relationship between the implementation of SD and the PCA wage gap by comparing the wage gap between PCAs and other entry-level workers three years before and three years after SD was implemented in selected states.

Results/Findings

We found that implementation of SD did not have a consistent effect on PCA wages, with wages improving in some states and worsening in others. We also found little difference in PCA wages between states that allow participants to set worker wages and those that do not. The proportion of other entry-level worker wages earned by PCAs ranged from a low of 64% in Texas and Virginia to a high of 90% in North Dakota.

Conclusions/Discussion

SD does not seem to improve PCA wages in states. Other policy strategies will be needed to address the low wages paid to PCAs. Low wages are associated with high rates of turnover and chronic shortages of PCAs.

Key Words

Personal care aides, home care, long-term services and supports, self-direction, wages