# It is Time to Solve Iowa’s Direct Service Workforce Crisis

The Case for Strengthening and Stabilizing This Essential Workforce

*Note: The information and practices shared in this brief are intended to raise awareness and initiate discussion about direct service workforce challenges and policy options. Information mentioned is in no way a form of endorsement by the Centers for Medicare & Medicaid Services (CMS). This resource was developed by The Lewin Group and PHI with funding from CMS, but does not represent CMS recommendations or CMS policy.*

## Background: An Essential and Growing Workforce

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| 6 Solutions to the Workforce Crisis1. Raise wages
2. Enhance training and career advancement
3. Raise the profile of direct service jobs
4. Support workforce innovation
5. Strengthen connections between self-directing consumers and workers
6. Gather data to inform workforce solutions
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Iowa's direct service workers—who include personal care aides, home health aides, and nursing assistants—provide essential daily support to older adults and people with disabilities. The direct service workforce grew from 36,930 workers in 2010 to 44,410 in 2020, and it is now the second largest workforce in Iowa (after cashiers).[[1]](#endnote-2) Looking ahead, this workforce is projected to add nearly 9,000 new jobs from 2018 to 2028—more new jobs than any other occupation in the state.[[2]](#endnote-3)

Demand for direct service workers will be driven primarily by Iowa’s growing older population. From 2020 to 2040, the number of Iowans aged 65 and above will increase by 19 percent (and those aged 85 and above will increase by 35 percent).[[3]](#endnote-4) Meanwhile, the number of people aged 20 to 64—who constitute most paid and unpaid caregivers—is projected to grow by just 4 percent. The need for home care workers is especially high given the imperative to rebalance the delivery of services from nursing homes and other “institutional” settings to the community.[[4]](#endnote-5)

But Iowa’s direct service workers—who are predominantly low-income women—face persistently poor-quality jobs, which undermines recruitment and retention in this workforce. When accounting for jobs that will become vacant when workers leave their occupations or exit the labor force (along with the nearly 9,000 new jobs noted above), the total number of direct service jobs that will need to be filled in the next decade swells to 63,300.[[5]](#endnote-6) If these jobs are not filled, Iowa’s older adults, people with disabilities, and their families will suffer the consequences.

How can Iowa’s leaders stabilize the direct service workforce and ensure that quality long-term services and supports are available to all those who need them? **Here are six solutions**. For each, we specify the problem, propose a strategy, provide a rationale and state example, and describe key cost considerations. By implementing a strategic combination of these solutions, Iowa will make critical progress toward resolving the direct service workforce crisis—now and for the future.

## Solution: Raise Wages for Direct Service Workers

### The Problem

Although their wages have increased modestly in the past decade (from a median wage of $12.39 in 2010 to $13.94 in 2020, adjusted for inflation), direct service workers in Iowa still face immense economic instability.[[6]](#endnote-7) Median annual earnings are just $20,100; 46 percent live in low-income households; and 37 percent rely on public assistance.[[7]](#endnote-8) Low wages undermine the value and competitiveness of these jobs: median wages for direct service workers are over $4.00 less than median wages for other occupations with similar entry-level requirements.[[8]](#endnote-9)

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| Proposed Strategy: Raise wages for direct service workers across long-term care settings by increasing Medicaid rates with a wage pass-through provision. |

### Rationale

Long-term care providers that rely on Medicaid funds operate on tight margins with very little capacity to raise their workers’ wages. One possible approach is to increase the rates that are paid to managed care organizations (MCO) with pass-through provisions, so the state can provide additional funds to providers *and* ensure workers’ wages improve as a result. Since Medicaid is the largest payer for long-term services and supports,[[9]](#endnote-10) this action will also set a higher wage standard for the whole industry—making direct services jobs more competitive with other sectors. Research indicates that the returns on this investment will include lower turnover (saving at least $2,600 per worker[[10]](#endnote-11)), better quality care, increased consumer spending, and reduced public assistance costs.[[11]](#endnote-12)

### Example: Wisconsin’s Direct Care Workforce Funding Initiative

In Wisconsin, the state legislature appropriated $60.3 million in the 2019-2021 biennial budget to create the Direct Care Workforce Funding Initiative.[[12]](#endnote-13) Providers are required to use the additional funds—as distributed through MCOs—to increase compensation for workers in the form of wages, bonuses, and/or paid leave and to cover other compensation-related expenses. Accountability is built into the initiative, as well: MCOs must attest that they passed the direct care payments to providers, and providers must regularly report to the state on how they have allocated the funds.

### Cost Considerations

* Recurring funds will be needed to raise Medicaid rates to cover the full cost of labor for long-term care providers, including but not limited to wages, and a process must be established to regularly revise this cost estimate to account for cost-of-living increases and other changes.
* The labor cost estimate should include a baseline living wage for all direct service workers plus higher wage tiers to reflect workers’ accrued training, skills, and longevity.
* Funding should also be designated for developing and maintaining an enforcement plan for the wage pass-through to ensure compliance without over-burdening providers.
* To address the risk of benefit cliffs and plateaus,[[13]](#endnote-14) funding should also be earmarked for developing and disseminating financial planning resources and supports for workers.

## Solution: Enhance Training and Career Advancement

### The Problem

In Iowa, nursing assistants and home health aides must complete 75 hours of entry-level training, which is the federal minimum.[[14]](#endnote-15) Training requirements for personal care aides are even lower: they must only complete 13 hours of “orientation,” but these credentials are not portable, meaning personal care aides must retrain every time they change employers. Direct service workers also face limited opportunities to enhance their skills and compensation over time. According to a recent survey, one in five direct service workers in Iowa is currently looking for a job in a different sector—and for more than a quarter of those workers, the lack of advancement opportunities is a driving reason for their intent to leave.[[15]](#endnote-16)

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| Proposed Strategy: Establish a competency-based training and credentialing system that promotes consistency and career mobility across direct service job titles and settings. |

### Rationale

A competency-based[[16]](#endnote-17) training system linked to portable and stackable credentials[[17]](#endnote-18) that spans all long-term care settings will enhance career mobility for direct service workers while strengthening, stabilizing, and upskilling the workforce overall. Iowa has already made substantial progress toward realizing this vision with the *Prepare to Care* curriculum and training model[[18]](#endnote-19) and has committed anew to building the state’s training infrastructure through the American Rescue Plan Act (ARP) home and community-based services (HCBS) spending plan.

### Example: Home Care Aide Training and Certification in Washington State

Since 2011, Washington State has required all agency-employed and consumer-directed personal care aides to complete 75 hours of training using a state-sponsored or state-approved curriculum, pass a competency exam, and complete 12 hours of continuing education per year.[[19]](#endnote-20) The state maintains a centralized training record, allowing workers’ credentials to be easily verified. Trained workers can also become nursing assistants after completing a 24-hour bridge training program.

### Cost Considerations

* Funds will be needed to convene stakeholders to design a competency-based direct service worker training and credentialing system for Iowa, building on *Prepare to Care* and potentially leveraging the provider training platform described in the ARP spending plan.
* Additional funds will be needed to support curriculum development, trainer development, and new testing methods, among other elements; to evaluate the quality of training programs; and to establish a central registry of direct service workers’ training credentials, which is another priority in Iowa’s ARP spending plan.
* If new training requirements are established, additional recurring funds will be needed to incentivize training entities to offer programs at low or no cost to direct service workers.
* If online training is a component of the training delivery system, funding may be needed to enhance the capacity of training entities to deliver online training and evaluate the results.

## Solution: Raise the Profile of Direct Service Jobs

### The Problem

High turnover and persistent job vacancies are the norm in the direct service workforce. For example, according to a survey of 319 long-term care providers published by Iowa CareGivers and Iowa Workforce Development, respondents reported a total of 1,826 direct service job vacancies—citing a lack of applicants as the leading cause of such vacancies.[[20]](#endnote-21) Recruiting and retaining enough direct service workers to meet growing demand is a sector-wide challenge—not just an employer-level problem—requiring a sector-wide solution rooted in effectively marketing direct service jobs to potential job candidates.

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| Proposed Strategy: Launch a statewide marketing campaign to promote the value and rewards of direct service jobs. |

### Rationale

Complementing the multi-faceted marketing and recruitment campaign described in the 2021 Iowa Rural Healthcare Workforce Strategic Action Plan,[[21]](#endnote-22) a targeted effort is needed to elevate the profile of direct service jobs in particular. By using tested marketing frames and messages—and linking jobseekers to training, online job platforms, and other resources—such a campaign could aim to recruit specific populations into the direct service field or into specific direct service roles. As one example, a third of women with children at home are currently out of the labor force in Iowa, but they may be encouraged by this campaign to consider home care as a viable option for balancing family responsibilities with paid employment.[[22]](#endnote-23)

### Example: Wisconsin’s WisCaregivers Career Program

In 2018 to 2019, the Wisconsin Department of Health Services implemented a plan to recruit 3,000 new nursing assistants into nursing homes through a targeted digital marketing campaign linked to free training, job placement, and a $500 retention bonus. [[23]](#endnote-24) Marketing materials included videos of nursing assistants in Wisconsin describing the intrinsic and extrinsic benefits of their jobs. Over the course of two years, more than 3,200 jobseekers enrolled in training programs and nearly 1,900 became certified nursing assistants.[[24]](#endnote-25) Following Wisconsin’s success, three other states—Idaho, New Hampshire, and North Carolina—have launched similar programs.

### Cost Considerations

* Funding for a social marketing campaign should cover the costs of strategy, copywriting, photography and/or videography, print and digital materials production, and advertising.
* This campaign could leverage ARP funds and/or link to other initiatives proposed in the HCBS spending plan, including the statewide training system and the recruitment and retention incentive payments earmarked specifically for direct support professionals (DSP).
* Longer-term funding may be needed to sustain this solution, such as to maintain a website that links jobseekers with training and/or employment opportunities.

## Solution: Support Workforce Innovation

### The Problem

The COVID-19 pandemic, which disproportionately impacted long-term care settings, has intensified the direct service workforce crisis. Workers have been driven out of their jobs because of illness, fear, family responsibilities, and other reasons—and in a labor market rife with job vacancies across sectors, long-term care providers are finding it harder than ever to fill the gaps.[[25]](#endnote-26) New recruitment and retention strategies are desperately needed, but—operating in emergency-management mode—providers have limited capacity to test out new approaches. Consequently, they are caught in a costly spiral of job vacancies, workforce burnout, and high turnover.

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| Proposed Strategy: Establish a Direct Service Workforce Innovation Fund to support a range of strategies for effectively recruiting and retaining direct service workers. |

### Rationale

An innovation fund would allow a range of entities—including MCOs, long-term care providers, workforce development organizations, and community-based organizations, among others—to design and test workforce strategies. Grants could be awarded to entities representing different regions of the state and proposing different types of interventions—from enhanced onboarding programs to daycare partnerships, transportation projects, peer mentorship programs, technology upgrades, and more. Robust evaluation of the pilot projects would help build the evidence base on best practices for addressing the workforce crisis in Iowa.

### Example: MercyCare’s Innovation Fund in Arizona

In Arizona, MCOs are required to assist their long-term care provider networks with direct service workforce development. To fulfill this remit, MercyCare (one MCO in the state) established a $1,000,000 innovation fund to enable providers to test new recruitment and retention strategies. Five agencies were awarded funds and used the support to boost their training programs, develop career advancement opportunities, and build new recruitment pipelines, among other interventions.

### Cost Considerations

* Funding for the innovation fund should cover an estimated number of grants at different price points plus overall planning, administration, and evaluation costs.
* With regards to planning, at least six months may be needed to issue a request for proposals, review applications, and select grantees.
* Funding should be secured for a minimum of three years to ensure sufficient time for project implementation and evaluation.
* An independent evaluator should be appointed to analyze workforce outcomes, care outcomes, and costs across the full set of projects, with a view to identifying successful models for replication or scale-up.
* Private or philanthropic dollars could be leveraged as matching funds to launch the fund.

## Solution: Strengthen Connections Between Self-Directing Consumers and Workers

### The Problem

More than 9,700 older adults and people with disabilities directed their own long-term care services through public programs in Iowa—up from only 3,000 in 2011.[[26]](#endnote-27) Self-direction, which allows consumers to hire their own workers (including family members and friends), is preferred by many consumers and is a cost-effective policy option that is especially appropriate for rural areas. However, given Iowa’s dwindling labor pool and escalating competition for workers, consumers often struggle to secure the support they need. At the same time, “independent providers” (i.e., direct service workers hired through consumer-directed programs) often cannot find sufficient hours to make a living, or leave the workforce when a given contract ends—which threatens the size and stability of the overall workforce.

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| Proposed Strategy: Launch a statewide matching service registry to connect self-directing consumers and independent providers. |

### Rationale

Matching service registries are online platforms that enable self-directing consumers and independent providers to find each other based on needs, preferences, and availability.[[27]](#endnote-28) As well as facilitating employment relationships, matching service registries can be leveraged to fulfill other workforce-related priorities, such as: outreach and recruitment (to educate consumers about self-direction and bring new workers into the field); data collection (to gather key workforce numbers and characteristics); screening and orientation (to reduce the burden of these tasks on individual consumers); and training (by linking independent providers and consumers to relevant training modules). At least 10 states offer matching service registries, according to recent research.[[28]](#endnote-29)

### Example: Minnesota’s Direct Support Connect® Registry

Minnesota hosts a matching service registry that is available to consumers who pay for services out-of-pocket as well as those covered by Medicaid.[[29]](#endnote-30) The registry is integrated with other state databases, so documentation of workers’ background checks, credentials, and continuing education credits are all seamlessly integrated into their profiles. As of 2019, the site had 1,700 active users.

### Cost Considerations

* Initial funding will be needed for a feasibility study to assess the benefits, risks, logistics, and costs of launching a statewide matching service registry in Iowa—with the views of potential registry users (including consumers and workers) meaningfully incorporated.
* The costs of developing and maintaining the matching service registry will include personnel and administration, technology, marketing and outreach, and ongoing technical support costs.
* The cost of sustaining the registry could be met in part by extending access to home care agencies and residential care providers for a modest membership fee.

## Solution: Gather Data to Inform Workforce Solutions

### The Problem

Data on the direct service workforce in Iowa are either missing or siloed within individual state agencies, which stymies efforts to measure the scope and severity of the workforce shortage, identify workforce development priorities, and implement solutions. Data limitations also make it difficult to evaluate whether state investments in this workforce are achieving their goals and to address any unintended consequences.

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| Proposed Strategy: Establish a system for tracking direct service workforce volume and stability, job quality, and employment patterns across settings and employment models. |

### Rationale

State leaders, providers, and other stakeholders in Iowa need better information on the direct service workforce to make data-driven decisions about workforce policies and practices. As recommended more than a decade ago, elements of a state-level minimum data set on this workforce should include *volume* (including the number of currently employed direct service workers by setting, job title, and full- or part-time status); *stability* (including time-to-hire, turnover, and job vacancy rates); and *compensation* (including median wages, health insurance coverage rates, and paid leave access).[[30]](#endnote-31) Data on workers’ training and credentials across settings and job titles would also be helpful. Establishing a new workforce data system will require substantial and sustained collaboration among state agencies and providers, and every effort should be taken to build on existing systems in order to minimize administrative effort at all levels.

### Example: Workforce Reporting Requirements in Texas

Since 2018, Texas has required long-term care providers to submit data on the size, stability, and compensation of their employees according to job title through mandatory cost report surveys.[[31]](#endnote-32) These data provided valuable information to the state about workforce variations across programs, job titles, and regions. The data also shed light on trends over time, such as the relationship between changing wage levels and turnover rates.

### Cost Considerations

* Funding will be needed to develop and implement a statewide direct service workforce data collection system, including funds for planning, personnel, and technology.
* Grants should be provided to long-term care providers to develop the infrastructure (including technological and human resource capacity) that they need to collect and report workforce data.
* Recurring funding will be needed to cover ongoing administration and maintenance costs, including the costs of regularly reporting the data through online dashboards, public reports, and/or other reporting mechanisms.

## Notes

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