New Mexico’s Direct Care Workforce: At a Glance

Caregivers in New Mexico provide crucial support to New Mexico’s fast-growing senior population as well as individuals with disabilities. Raising wages for home care workers can boost New Mexico’s economy and reduce high turnover costs that plague the home care and other low-wage industries. Ultimately, New Mexico should ensure that older adults and people with disabilities can get quality care and remain a part of their communities while also ensuring that caregiving jobs are good jobs.

Investing in Care

Labor costs and responsibilities can make up the bulk of a business’s expenses – as they should; after all, labor makes a business run. This is especially true of caregiving supports and services. These industries, whether home care or long-term care, are rooted in the services provided through the labor of direct care workers. We must make sure that the majority of dollars – especially public dollars - invested in these supports go to pay for services, including the wages of those workers.

Attracting and Retaining Direct Care Workers

The percentage of the population that is age 65 or older is growing at a faster rate in New Mexico than in the U.S., overall. By 2030, New Mexicans over 60 years old will make up more than 32 percent of the population, compared to 22 percent today. As New Mexico’s population ages, the demand for caregivers will dramatically grow (see Table 1). Attracting and retaining workers will require that the quality of these jobs improve. Low wages and challenging working conditions cause high rates of turnover, which is costly to employers and disruptive to everyone involved.

According to one survey, the national median home care turnover rate jumped from 66.7 percent in 2017 to 82 percent in 2018. Not surprisingly, agencies that paid higher wages saw lower levels of turnover. Turnover costs the home care industry an estimated $6 billion per year and high turnover correlates with poorer care outcomes for older adults and people with disabilities.

1 https://ibis.health.state.nm.us/indicator/view/NMPopDemoAge65.Cnty.html
4 Supra 3, Baxter
with disabilities.\textsuperscript{5} Nursing home advocacy groups estimate that, when accounting for training, lost productivity, and rehiring, the cost can exceed $6,500 per employee in direct and indirect costs.\textsuperscript{6}

**Wage pass-through policies are good public policy.**

It makes sense that public funds invested in home care supports go to pay for services. During the 2019 session, House Bill 143 called for at least half of the increased Medicaid reimbursement rate to be used to increase wages for workers.\textsuperscript{7} Ensuring that a dedicated portion of public dollars are guaranteed to go towards wages is an important step in raising home care worker wages.

**Medicaid is a good investment.**

As the primary payer of home care services and long-term care, Medicaid plays a unique role in the caregiving industry. Because of the Federal Medical Assistance Percentage (FMAP) for Medicaid, every $100 New Mexico invests in Medicaid spending brings in $266 in federal funds, adding $366 in spending to the state’s economy.\textsuperscript{8} New Mexico’s high federal Medicaid match plays a particularly significant role in supporting jobs and generating income within the health care sector and throughout other sectors of the economy due to the multiplier effect.

**Raising wages for direct care workers is a win for everybody.**

Raising wages for direct care workers can boost our economy. Not only can increased wages help workers support themselves and their families, a boost in wages can be a boost to our local economy.\textsuperscript{9} For example, a Washington state analysis concluded that a $15 minimum wage for state-paid home care workers would help workers better cover their basic needs, provide at least $180 million in annual stimulus to the state economy, and create more than 800 private sector jobs in the first year of implementation.\textsuperscript{10}

**Who are New Mexico’s direct care workers?**

Direct care positions are generally the lowest-paid jobs and are disproportionately held by women of color. In New Mexico, 58 percent of direct care workers are Hispanic or Latino, with an estimated 80 percent people of color and nearly 80 percent female. Of the 74 nursing facilities in New Mexico, 74 percent are for profit and 19 percent are non-profit, as compared to national averages of 69 percent and 24 percent respectively.\textsuperscript{11} \textsuperscript{12}

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\textsuperscript{7} https://www.nmlegis.gov/Sessions/19%20Regular/bills/house/HB0143.pdf

\textsuperscript{8} https://www.kff.org/medicaid/state-indicator/federal-matching-rate-and-multiplier/?currentTimeframe=0&sortModel=%7B%22Id%22:%22FMAP%20Percentage%22%2C%22sort%22:%22desc%22%7D and https://www.kff.org/wp-content/uploads/2013/01/8352.pdf


\textsuperscript{11} Kaiser Family Foundation, *Distribution of Certified Nursing Facilities by Ownership Type*, 2016. Retrieved on 3/15/19 at https://www.kff.org/other/state-indicator/nursing-facilities-by-ownership-
Vacancies created by low wages and challenging working conditions mean we cannot meet current, never mind future, demands.

<table>
<thead>
<tr>
<th>Table 1. New Mexico’s Direct Care Workforce</th>
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<tbody>
<tr>
<td>Median Hourly Wage (adjusted for inflation)</td>
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<tr>
<td>2008</td>
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<tr>
<td>---------------------------------------------</td>
</tr>
<tr>
<td>Personal Care Attendants (home care)</td>
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<tr>
<td>Home Health Aides (home care)</td>
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<tr>
<td>Certified Nursing Assistants (nursing homes)</td>
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Source: Data represents all direct care workers and is from PHI Data Center.
Note: Calculations of gender and race are by setting (home care or nursing home). Very generally, Personal Care Attendants and Home Health Aides tend to be home care occupations while Certified Nursing Assistants tend to work in nursing homes.

Conclusion and recommendations

New Mexico’s direct care workers help to ensure older adults and people with disabilities can get quality care and remain a part of their communities. Improving these jobs and increasing wages will be essential to meeting the state’s booming caregiving demands.

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12 Kaiser Family Foundation, Total Number of Certified Nursing Facilities, 2016. Retrieved on 3/15/19 at https://www.kff.org/other/state-indicator/number-of-nursing-facilities/?currentTimeframe=0&sortModel=%7B%22colId%22:%22Location%22%2C%22sort%22:%22asc%22%2C%22%7D