



## Comparing Cost of Personal Care Services and Caregiver Pay

### I. Private Pay Personal Care Services

Using findings from a recent member survey conducted by the National Private Duty Association, the table below compares recent national average billing rates for different types of home health and personal care services with starting pay received by aides. The national average hourly cost of services ranged from \$18.75 per hour for companionship services to \$22.37 for home health services. Reported hourly pay rates for aides make up approximately 50 percent of the rates charged.

Type of Service	National Average Cost of Services (per hour)	National Average Starting Pay for Caregivers (per hour)
Companionship	\$18.75	\$8.92
Homemaker Services	\$18.90	\$9.10
Personal Care	\$19.82	\$9.69
Home Health Services	\$22.37	\$11.78

Source: National Private Duty Association (2009) State of the Caregiving Industry Survey.

These data suggest that, in the private pay market, agencies charge consumers approximately twice the hourly rate paid to caregivers. Artificially low wages resulting in part from the companionship exemption are underwriting the 30 to 40 percent profit margins that for-profit franchises report receiving for delivering personal care services. [See *Franchise Business Review* (December 2010) *Senior Care and Home Healthcare Franchises, Special Report*. Available at: [http://www.franchisebusinessreview.com/content/files/FBR\\_Senior\\_Care\\_Report2010.pdf](http://www.franchisebusinessreview.com/content/files/FBR_Senior_Care_Report2010.pdf)]

### II. Medicaid Agency-Provided Personal Care Services

The table below compares 2010 wage data for home care workers available from the Bureau of Labor Statistics with data on 2010 reimbursement rates for personal care services paid to provider agencies under the Medicaid Personal Care Services optional benefit which is found in many state Medicaid programs.

Type of Service	Average state hourly reimbursement rate for personal care services in 2010 (1)	Median hourly wage rate received by home care workers in 2010 (2)
Personal Care Services	\$17.73	\$9.40

**Sources:**

- (1) Table 12 in J. Howard, T. Ng, and C. Harrington (December 2011) *Medicaid Home and Community-Based Service Programs: Data Update*, Washington, DC: Kaiser Commission on Medicaid and the Uninsured. Available at: <http://www.kff.org/medicaid/upload/7720-05.pdf>. Note: The rate is for personal care services provided under the optional Medicaid Personal Care Services benefit.
- (2) Table 7.1 in D. Seavey & A. Marquand (December 2011) *Caring in America*, Bronx, NY: PHI. Available at: <http://phinational.org/policy/guide-to-americas-home-care-workforce/>. Note: “Home care worker” refers to Personal Care Aides (SOC 39-9021) and Home Health Aides (SOC 31-1011), and “home care industry” refers to Home Health Care Services (NAICS 621600) and Services for the Elderly & Persons with Disabilities (NAICS 624120). The median wage is calculated as a weighted average for the two occupations and two industries using data from the Occupational Employment Statistics program of the Bureau of Labor Statistics.

The average rate paid by state Medicaid programs to agencies providing personal care services was \$17.73 per hour in 2010. In comparison, the median wage received by home care workers generally (under both private and public-pay arrangements) who work in the overall home care industry (both private and public pay) was \$9.40. Note: state data does not exist on the hourly wages paid by provider agencies to home care workers under publicly-reimbursed programs as distinct from wages paid to home care aides working under private-pay arrangements.

**III. Summary**

The available data for both the private and public sides of the home care industry suggest that the hourly wages received by home care workers providing personal care services account for about half--from 49 percent to 53 percent--of the rates paid or received.

