

# Medicaid Cuts Threaten the Direct Care Workforce

By Veronica Faison and Sarah Javaid

**Medicaid enables millions of people to access health care when they would otherwise go without.**

It serves as a lifeline for communities that face systemic economic barriers and allows people to get essential long-term care. Over 72.1 million people are enrolled in Medicaid,<sup>1</sup> and Medicaid is the primary source of funding for home and community-based services (HCBS), which enables people to receive long-term care in their homes and communities.<sup>2</sup> Everyone receives and provides care at some point in their lives, so access to affordable long-term care is essential for people and their families to thrive.

Direct care workers provide long-term support to aging or disabled people with life activities, from personal care like dressing and bathing to health care like administering medication. They often work from people's homes (home care workers such as home health or personal care aides) and also work in nursing homes (nursing assistants).<sup>3</sup>

**Many direct care workers—including home care workers and nursing assistants<sup>4</sup> who provide long-term care—are doubly reliant on Medicaid:** Medicaid is the key funding mechanism for their pay. But since underinvestment in Medicaid has helped produce low wages for this workforce, a disproportionate number of direct care workers also rely on Medicaid for their own health care.

The direct care workforce—made up almost entirely of women, predominantly Black women and Latinas—has faced decades of underinvestment and exploitation, which has made these jobs unsustainable for people. This unsustainability has already caused a shortage of the workers who provide the long-term care disabled people and older adults need.<sup>5</sup> Yet the demand for direct care workers is only increasing: By 2040, more than one in five people in the United States will be 65 or older and will likely need the aging and disability support direct care workers provide.<sup>6</sup>

**But today, many Republicans are proposing the largest cuts to Medicaid in history<sup>7</sup> to pay for a \$4.5 trillion tax break for billionaires.<sup>8</sup>** Extreme proposals to cut \$880 billion from the program would gut Medicaid and decimate our ability to provide and receive care. Without Medicaid, direct care workers will lose their jobs and their access to health care, driving them out of profession. As a result, people will be forced to go without the essential long-term care they need to live with dignity.

**Medicaid cuts—no matter what form they take—threaten to force more direct care workers out of a profession that currently barely enables them to survive.**

**Direct care workers—who are overwhelmingly women and disproportionately women of color and immigrant women—face a high risk of economic insecurity because of poor job quality.**

The direct care workforce is disproportionately comprised of Black women, Latinas and immigrants.

**83% of direct care workers are women and nearly half of the workforce are women of color (48%).<sup>9</sup>**

- **Among all direct care workers, 24% are Black women, 17% are Latinas, and 6% are Asian American, Native Hawaiian, and Pacific Islander (AANHPI) women. Thirty-four percent are white, non-Hispanic women.**
- **More than one in five (22%) direct care workers are immigrant women.<sup>10</sup>**

- Comparatively, in the workforce overall, 47% of workers are women, 19% are women of color, and 8% are immigrant women.<sup>11</sup>

**Direct care jobs, like many sectors where women of color are overrepresented, often feature wages that do not keep up with the cost of living, few benefits, and industry practices that stretch workers thin.<sup>12</sup>** With roots in chattel slavery, where enslaved African women provided unpaid care to white children, care work is largely undervalued in the United States and relies on the exploitation of women of color and immigrants.<sup>13</sup>

**Direct care work is an incredibly underpaid job**—workers are typically paid between \$16 and \$18<sup>14</sup> per hour and between about \$33,000 and \$38,000 annually when working full time.<sup>15</sup>

- But part-time hours also drive low annual earnings. Many direct care workers are not offered full-time employment: 46% of home care workers, for example, work fewer than 35 hours a week. Overall, home care workers have a median annual income of just \$21,889.<sup>16</sup>

With low wages and a lack of full-time opportunities, women direct care workers and their families face a high risk of poverty and income insecurity.

- Twenty-two percent of women direct care workers live in or near poverty, including 10% of women direct care workers who live below the poverty line. In comparison, 9% of all workers, regardless of occupation, live in or near poverty, with 4% living below the poverty line.<sup>17</sup>

**More than one in five women direct care workers (21%) supplement their income with the Supplemental Nutrition Assistance Program (SNAP) to help afford groceries.<sup>18</sup>**

- Like many working women, direct care workers have caregiving responsibilities. Twenty-nine percent of women direct care workers have children under 18 years old in their homes, and a quarter are unpaid family<sup>19</sup> caregivers for older adults.<sup>20</sup>
- But women direct care workers who are supporting families face an even greater risk of poverty.

**Two in five women direct care workers with children under 18 (40%) live in or near poverty—more than double the rate for women direct care workers without children;<sup>21</sup>**

- Twenty percent of mothers who are direct care workers have incomes below the poverty line. In comparison, 12% of all workers with children, regardless of occupation, live in or near poverty, including 6% who live in poverty.<sup>22</sup>

Like with many other low-paid jobs, direct care workers receive very few benefits, and as a result, they have to rely on income supports to survive—including Medicaid.

- Typical wages for home health aides and personal care aides—who make up roughly two-thirds of the direct care workforce<sup>23</sup>—put them in the 10% of workers with the lowest wages in our economy.<sup>24</sup>
- Among the lowest-paid 10% of workers:
  - o Only 6% have access to paid family leave, compared to 27% of all workers;
  - o Fewer than half (40%) have access to paid sick days, compared to 80% of all workers; and
  - o Just 38% have access to retirement benefits, compared to 73% of all workers.<sup>25</sup>
- While providing health care to others, direct care workers are unlikely to receive health care from their employers. Half of women direct care workers under 65 years old (50%) receive employer-sponsored health insurance, compared to 71% of the entire under-65 workforce.<sup>26</sup>
- As a result,

**27% of women direct care workers under 65 rely on Medicaid coverage themselves**

- and 13% don't have any health insurance at all. In comparison, 10% of the entire under-65 workforce relies on Medicaid for health insurance coverage and 10% don't have any health insurance.<sup>27</sup>

In addition to having few benefits, direct care work can be very physically demanding, often requiring workers to lift and move their clients from bed or into mobility devices—with inadequate support from employers.

- Long-term care facilities are often understaffed,<sup>28</sup> leaving workers who work with multiple clients overwhelmed and less able to safely provide care.<sup>29</sup>
- For example, nursing assistants are nearly five times more likely to experience workplace injuries than the typical U.S. worker.<sup>30</sup>

All these factors drive workers out of the profession—and bring very few people into the field.

- The job quality of direct care work directly impacts the quality of care recipients receive; this relationship is clear when looking at the impact of turnover.
- High turnover—which reflects the industry's inability to attract and retain direct care workers—creates dangerous working conditions like understaffing. As remaining workers struggle to fill the gaps caused by turnover, recipients of care might not receive the attention or support they need—which can increase the rate of injury to both workers (who might be straining to support care recipients without necessary assistance)<sup>31</sup> and recipients of care (who may be going without the hours or degree of care they require).<sup>32</sup>

**A 2021 study found that the average annual turnover rate for nursing staff in nursing homes was over 120%.<sup>33</sup> A 2024 study found that the turnover rate for home care workers was close to 80%.<sup>34</sup>**

- In some states, home care workers, who make up the majority of direct care workers, are paid 78% of the wages of other under-paid jobs in retail and hospitality (or \$3 less per hour, on average).<sup>35</sup> As a result, many people opt to work in other service sector jobs, where they may have comparable (or higher) pay and a lower risk of workplace injury than in the direct care profession.<sup>36</sup>

## **Medicaid cuts will make direct care jobs go from bad to worse.**

Cuts to Medicaid will result in a complete destabilization of the long-term care industry—forcing states to make huge cuts to long-term care to make up for an unprecedented budget shortfall.<sup>37</sup> Home and community-based services, categorized as “optional” for states to cover under Medicaid,<sup>38</sup> will likely be one of the first items on the chopping block. Medicaid cuts could decrease the wages of already-low paid home care and direct care workers, or eliminate many of their jobs completely—**decimating access for over the 4.2 million people who use Medicaid long-term services and supports in home and community settings.**<sup>39</sup>

## Ultimately, Medicaid cuts would make it harder to be a direct care worker.

Millions of people currently rely on aging and disability care—and the direct care workers who provide it—to get their needs met, and as a large share of the population ages over 65 years old,<sup>40</sup> this number is only expected to grow. Medicaid investment must grow, too. Cuts to Medicaid make it more unsustainable for direct care workers to remain in the workforce, making it harder for disabled people and older adults to get the care they need, especially in their homes where they prefer it.

Cuts to Medicaid will push direct care workers out of their jobs, further drive them into financial precarity, hurt recipients of care who will not be able to afford the care they require to live well, and deprive family caregivers of valuable support for their loved ones. And as states struggle to respond to the loss of federal Medicaid dollars, they may address budget shortfalls by slashing other programs and services that direct care workers, aging and disabled people, and caregivers rely on.<sup>41</sup> **Medicaid cuts thus disproportionately harm women in every aspect—as low-paid direct care workers, recipients of care struggling to access quality care, and as caregivers facing economic insecurity.**<sup>42</sup>

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- 2 Medicaid covers two-thirds of all home care spending in the United States (based on the latest available data, from 2022). Maiss Mohamed, Alice Burns, and Molly O'Malley Watts, "What is Medicaid Home Care (HCBS)?" KFF, February 2025, <https://www.kff.org/medicaid/issue-brief/what-is-medicaid-home-care-hcbs/#:~:text=Four%20in%20ten%20adults%20incorrectly,the%20United%20States%20in%202022.>
- 3 PHI, "Direct Care Workers in the United States: Key Facts 2024," September 2024, <https://www.phinational.org/resource/directcare-workers-in-the-united-states-key-facts-2024/>.
- 4 Using Current Population Survey (CPS) data, NWLC defines direct care workers as workers in home health aide, personal care aide, and nursing assistant occupations. These may not be the only occupations included within the broader category of direct care workers, but they have been chosen as the closest match to direct care workers in the available data. Further information on how these occupations are defined can be found at the Bureau of Labor Statistics occupational outlook handbook (<https://www.bls.gov/ooh/healthcare/home-health-aides-and-personal-care-aides.htm>) and <https://www.bls.gov/ooh/Healthcare/Nursing-assistants.htm>.
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- 6 Urban Institute, "The US Population Is Aging," accessed March 12, 2025, <https://www.urban.org/policy-centers/cross-center-initiatives/program-retirement-policy/projects/data-warehouse/what-future-holds/us-population-aging>.
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- 8 Chuck Marr and Samantha Jacoby, "House Republican Budget's \$4.5 Trillion Tax Cut Doubles Down on Costly Failures of 2017 Tax Law," Center on Budget and Policy Priorities, February 2025, <https://www.cbpp.org/research/federal-budget/house-republican-budgets-45-trillion-tax-cut-doubles-down-on-costly>; see also Josh Bivens, "The House Republicans' Plan to Cut Medicaid to Pay for Tax Cuts for the Rich Would Slash Incomes for the Bottom 40%," Economic Policy Institute, February 2025, <https://www.epi.org/blog/the-house-republicans-plan-to-cut-medicaid-to-pay-for-tax-cuts-for-the-rich-would-slash-incomes-for-the-bottom-40-see-impact-by-state/>.
- 9 Women of color in NWLC calculations are any women that are not white, non-Hispanic.
- 10 Immigrant women are those who are naturalized citizens or who are not U.S. citizens.
- 11 NWLC calculations based on 2024 Current Population Survey (CPS) accessed through Sarah Flood, Miriam King, Renae Rodgers, Steven Ruggles, J. Robert Warren, Daniel Backman, Annie Chen, Grace Cooper, Stephanie Richards, Megan Schouweiler, and Michael Westberry. IPUMS CPS: Version 12.0 [2024]. Minneapolis, MN: IPUMS, 2024. <https://doi.org/10.18128/D030.V12.0>.
- 12 Jasmine Tucker and Julie Vogtman, "Hard Work Is Not Enough: Women in Low-Paid Jobs," NWLC, July 2023, [https://nwlc.org/wp-content/uploads/2020/04/%C6%92.NWLC\\_Reports\\_HardWorkNotEnough\\_LowPaid\\_2023.pdf](https://nwlc.org/wp-content/uploads/2020/04/%C6%92.NWLC_Reports_HardWorkNotEnough_LowPaid_2023.pdf).
- 13 Rebecca Donovan, "Home Care Work: A Legacy of Slavery in U.S. Health Care," *Affilia* 2, no.3: 33-44, Sept. 1987, <https://journals.sagepub.com/doi/abs/10.1177/088610998700200304>.
- 14 Median wages for home and personal care aides and nursing assistants. BLS May 2023 National Occupational Employment and Wage Estimates, last modified April 3, 2024, [https://www.bls.gov/oes/current/oes\\_nat.htm#31-0000](https://www.bls.gov/oes/current/oes_nat.htm#31-0000).
- 15 Annual pay is calculated by multiplying the median hourly wage by 2,080 (the number of hours a full-time worker works 40 hours per week for 52 weeks in the year).
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- 18 NWLC calculations based on 2024 Current Population Survey (CPS) accessed through Sarah Flood, Miriam King, Renae Rodgers, Steven Ruggles, J. Robert Warren, Daniel Backman, Annie Chen, Grace Cooper, Stephanie Richards, Megan Schouweiler, and Michael Westberry. IPUMS CPS: Version 12.0 [2024]. Minneapolis, MN: IPUMS, 2024. <https://doi.org/10.18128/D030.V12.0>.
- 19 NWLC calculations based on 2024 Community Population Survey accessed through Sarah Flood, Miriam King, Renae Rodgers, Steven Ruggles, J. Robert Warren, Daniel Backman, Annie Chen, Grace Cooper, Stephanie Richards, Megan Schouweiler, and Michael Westberry. IPUMS CPS: Version 12.0 [2024]. Minneapolis, MN: IPUMS, 2024. <https://doi.org/10.18128/D030.V12.0>.
- 20 PHI, "Direct Care Workers in the United States: Key Facts 2024," September 2024, <https://www.phinational.org/resource/directcare-workers-in-the-united-states-key-facts-2024/>.
- 21 Sixteen percent of women direct care workers without children live in or near poverty.
- 22 NWLC calculations based on 2024 Current Population Survey (CPS) accessed through Sarah Flood, Miriam King, Renae Rodgers, Steven Ruggles, J. Robert Warren, Daniel Backman, Annie Chen, Grace Cooper, Stephanie Richards, Megan Schouweiler, and Michael Westberry. IPUMS CPS: Version 12.0 [2024]. Minneapolis, MN: IPUMS, 2024. <https://doi.org/10.18128/D030.V12.0>.
- 23 Home health and personal care aides make up 64% of direct care workers and nursing assistants make up the other 36%. NWLC calculations based on 2024 Current Population Survey (CPS) accessed through Sarah Flood, Miriam King, Renae Rodgers, Steven Ruggles, J. Robert Warren, Daniel Backman, Annie Chen, Grace Cooper, Stephanie Richards, Megan Schouweiler, and Michael Westberry. IPUMS CPS: Version 12.0 [2024]. Minneapolis, MN: IPUMS, 2024. <https://doi.org/10.18128/D030.V12.0>.

- 24 NWLC calculations using mean hourly pay based on BLS May 2023 National Occupational Employment and Wage Estimates, last modified April 3, 2024, [https://www.bls.gov/oes/current/oes\\_nat.htm#31-0000](https://www.bls.gov/oes/current/oes_nat.htm#31-0000).
- 25 U.S. Department of Labor, Bureau of Labor Statistics, "Employee Benefits in the United States, March 2023," National Compensation Survey, last modified September 21, 2023, <https://www.bls.gov/ebs/publications/employee-benefits-in-the-united-states-march-2023.htm>. Data is for civilian workers in all industries and occupations. Nursing assistants' slightly higher typical wages still leave them in the lowest-paid 25% of workers. Workers in this quartile may have slightly greater access to benefits than the lowest 10% of wage earners, but benefits are typically still minimal; for example, just 14% have access to paid family leave, 58% have access to paid sick days, and 49% have access to retirement benefits at work. Ibid.
- 26 Health insurance shares are calculated for those ages 15 to 64 years old, as employment questions are asked of those ages 15 and over in the Current Population Survey and this data reflects women direct care workers. Adults 65 years and over qualify for Medicare health insurance coverage. Therefore, to calculate the share of direct care workers who are Medicaid enrollees based on low-income or disabilities, data is restricted to under age 65. To be able to directly compare the shares of direct care workers with different health insurance sources, data is also age restricted for those with employer-based insurance.
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- 32 Charlene Harrington et al., "Appropriate nurse staffing levels for US nursing homes."
- 33 Ashvin Gandhi, Huizi Yu, and David C Grabowski, "High Nursing Staff Turnover in Nursing Homes Offers Important Quality Information," Health Affairs, 40(3): 384-391 (2021), <https://www.healthaffairs.org/doi/10.1377/hlthaff.2020.00957>.
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- 37 PHI, "Protect Medicaid: Short-sighted Cuts Will Endanger the Lives and Jobs of Millions," Feb. 2025, <https://www.phinational.org/wp-content/uploads/2025/02/PHI-Medicaid-Statement-2.20.2025.pdf>.
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