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The Home Care Industry in California Is Growing and Largely Unregulated

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SUMMARY: The home care industry is growing rapidly and coincides with increases in the growth of the elderly population, who are more frequently chronically ill and disabled and need assistance. This policy brief provides a profile of the home care industry and patients/consumers of these services in California, assessing available data on licensure and certification as a mechanism for promoting safety and quality of care. The findings indicate a dearth of information on the

characteristics and care delivery of home care agencies and individual providers of nonmedical home care. The findings also illustrate that licensure and certification of home health agencies may enhance the capacity for improvements in quality of care. Establishing licensure and basic safety standards for home care agencies is a reasonable public health policy for reducing the potential for adverse consequences among the growing aging and disabled populations.

“The number of people 85 years of age and older is expected to grow 310 percent by 2050.”

The growing population 65 years of age and over is more likely to need assistance with basic daily activities due to illness or disability at home. Home care services are provided by home health agencies (HHAs) offering health and personal care services, home care agencies (HCAs) offering personal care services, and paid individual providers who offer health and personal care services through public programs such as California’s In-Home Supportive Services (IHSS) program or through private arrangements.

Assessing the quality of care and the safety of patients/consumers is particularly important because these services are provided primarily to vulnerable populations and in private residences, frequently on a one-to-one basis and without direct oversight. Regulation in the form of licensure, certification, and background checks is the mechanism that best ensures patient safety and improves quality of care. This policy brief examines the demand for home care, the size and growth of the industry, the extent of regulation in home care, and the role of regulation in ensuring quality of care and safety.

The Demand for Home Care

The California population is aging, and the number of people 85 years of age and older is expected to grow 310 percent by 2050 (Exhibit 1). The level of disability grows with age, with 82 percent of the population 85 and older reporting any disability, compared to 42 percent of those ages 65 to 84. Nearly one-third of those ages 80 and older require assistance due to their disability.

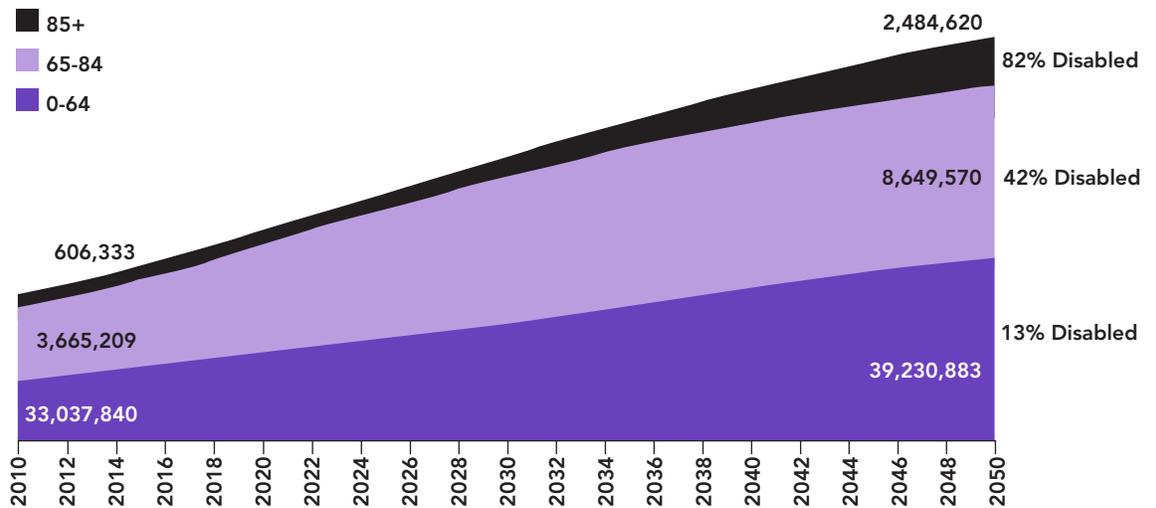
Industry Size and Growth

The home care industry has grown significantly in recent years. Exhibit 2 shows an 89 percent growth in the number of HHAs or hospices and a 94 percent growth in the number of providers of “services for the elderly and persons with disabilities (NAICS 624120).” The latter category includes HCAs and such other establishments as senior centers and adult day health care centers. Data on HCAs only are not publicly available.

Exhibit 3 shows that between 1998 and 2011, the number of employees in HCAs and other establishments providing services to the elderly and persons with disabilities grew more than the number of employees in HHAs and

Exhibit 1

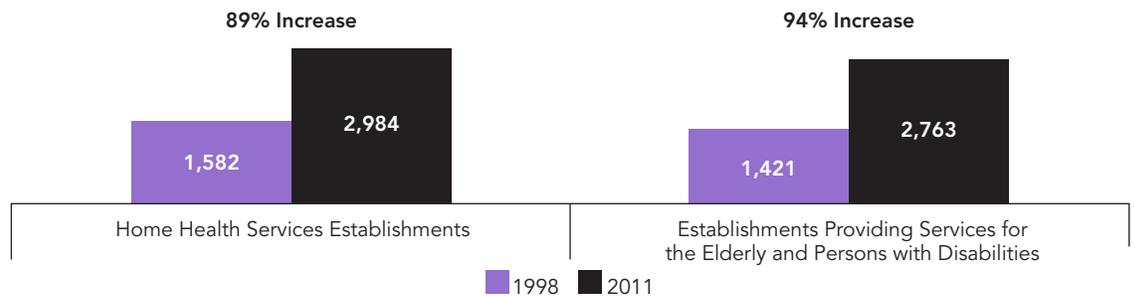
Projected Population Growth in California and Percent Disabled, by Age, 2010-2050



Source: California Department of Finance, January 2013, and The American Communities Survey, 2005-2007

Exhibit 2

Estimated Growth in the Number of Establishments Providing Home Health Services and of Establishments Providing Services for the Elderly and Persons with Disabilities, California, 1998-2011



Source: County Business Patterns, 1998-2011. Home health services include industries with NAICS (North American Industry Classification System) 621610. HCAs are reported for establishments with NAICS code 624120 (services for the elderly and persons with disabilities).

hospices (160 percent versus 35 percent). The largest growth was observed among individual providers in the home health services industry (285 percent), followed by individual providers of services for the elderly and persons with disabilities (199 percent). Those in the latter group are frequently not licensed or certified and lack other regulation and oversight. However, home health aides and personal care aides are projected to be the second and sixth fastest-growing occupations in the state between 2010 and 2050, growing by 52.4 percent and 42.6 percent, respectively.

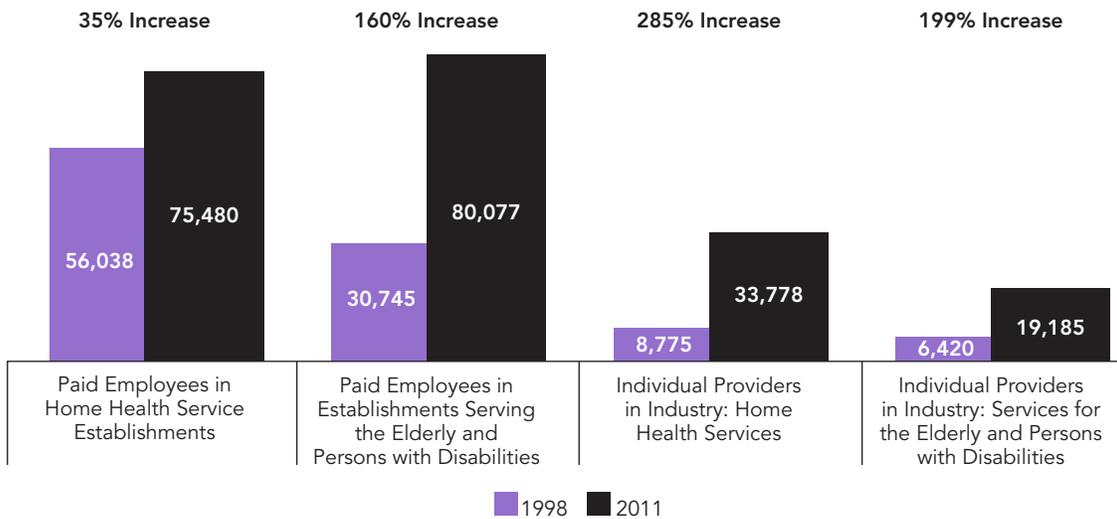
Regulation

In California, regulation is not consistently required of all home care providers. All HHAs

operating in California are required to be licensed by the California Department of Public Health, and the great majority of these organizations (93 percent) are also certified by the Centers for Medicare and Medicaid Services or by private organizations such as the Joint Commission. California requires HCAs to have only a general business license, for tax reasons. However, 24 other states require licensure of HCAs, and some states have minimum standards for these agencies. Depending on the state, HCA licensure may define service provision and the certification and training of direct service providers, as well as the responsibilities of regulating organizations (e.g., collecting licensing fees, addressing consumer complaints, and overseeing deficiencies) and of regulated

Estimated Growth in Numbers of Employees and Individual Providers in Home Health Services and Services for the Elderly and Persons with Disabilities, California, 1998-2011

Exhibit 3



Source: County Business Patterns and U.S. Census, Nonemployer Statistics, 1998-2011. A nonemployer business is one that has no paid employees, has annual business receipts of \$1,000 or more, and is subject to federal income taxes. Most nonemployers are self-employed individuals operating very small unincorporated businesses.

organizations (e.g., obtaining background checks and assessing staff competencies). Individual providers who are certified nurse assistants or home health aides are certified by the California Department of Public Health. Individual providers in the IHSS system also receive background checks and may be subject to corrective actions based on complaints. However, many other individual providers are not subject to structural safeguards that ensure patient safety and quality of care, instead providing care without any oversight.

Structural Safeguards to Ensure Quality of Care and Patient Safety

Licensure and certification standards require structural safeguards such as training and oversight of staff and background checks. An overview of the characteristics and care delivery of home care providers and the delivery of services by staff who provide direct care offers insights into structural measures of quality of care. Data on characteristics and care delivery are available on HHAs only because they are subject to licensure and reporting requirements. These data indicate that most HHAs in California in 2011 were single facilities (71 percent) and were for profit (88 percent). Many had registered nurses on staff (41 percent), and a large percentage provided intravenous therapy and similar care (62 percent). HHAs visited 525 patients and provided 9,062 visits, on average.

Many HHA characteristics varied by certification status. For example, HHAs with Medi-Cal certification alone had more nurses providing eight-hour shift care, home health aides, and homemaker staff than HHAs with other or no certification. In contrast, agencies with Medicare-only certification had more staff registered nurses providing intermittent nursing care and fewer homemaker staff. Differences in certification status by type of service provider, average number of patients, and number of visits by type of staff were also identified. In addition, while HHA patients in general rated their care positively, HHAs with multiple certifications had a slightly lower rate of emergency room visits and hospitalizations than HHAs with Medicare and/or Medi-Cal certification only.

In contrast to the data available for HHAs, little information is available on the characteristics of HCAs, and there are no public data available from official sources for assessing the delivery of care by HCAs. Data on the characteristics of individual providers and of care delivery are also largely unavailable.

Policy Implications

The trends in aging of the population, the higher rate of disability among those with advanced age, and the promise of home care services in preventing high rates of

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institutionalization are important public health concerns in California. Patient preferences to receive care at home are also likely to drive further growth in the home care industry, particularly in the unregulated portion of the market. This growth is likely to leave the vulnerable elderly and disabled populations who receive care from unregulated providers without adequate safeguards.

Gaps in available data prevent assessment of the size of nonmedical home care providers, and they also prevent the ability to evaluate patient safety and the quality of care provided. Licensure would establish standards of care and increase the availability of data on HCAs, allowing assessment of care delivery in these establishments. Also, increasing participation in public registries for individual home care providers may extend patient safeguards by screening providers through background checks and providing such information to patients and consumers who seek care privately.

Appropriate patient safety and quality safeguards are established for HHAs and IHSS providers in California, but HCAs and independent providers in private arrangements are currently not subject to such safeguards. Establishing licensure and basic safety standards is a reasonable

public health policy to reduce the potential for adverse consequences for the growing aging and disabled populations.

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