The Bell Policy Center

The Colorado Home Care Cost Model

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The home care ecosystem is complex; comprised of multiple types of caregivers, different ways in which one can receive and or pay for care, and varying training requirements and preferences. Although the state of Colorado has made many efforts to support caregiving for older adults, significant challenges remain in valuing and supporting paid and unpaid caregiving.

The Home Care Cost Model, which the Bell has developed in conjunction with several partner organizations, will be instrumental in providing adequate support to the home care ecosystem as it estimates the true cost of providing in-home, non-medical care to older adults in Colorado. As opposed to aggregating current costs of care, the true cost of care includes living wages and benefits to paid caregivers, quantifies the health impacts, equipment costs, and lost wages of unpaid caregivers, and accounts for the overhead and turnover costs typically borne by agencies.

By understanding the true cost of care, researchers, advocates, and policymakers can address questions such as the shortfall in Medicaid reimbursement rates or identify the most effective interventions to support unpaid caregivers and reduce their out-of-pocket expenses.

This brief describes the research basis of the model, the major cost drivers, and provides example scenarios and analysis from the model.

Research Basis and Methodology of the Cost Model

This model collects data from a breadth of research and surveys among caregivers and providers to identify the true cost of providing care that not only meets the needs of older Coloradans, but comprehensively and holistically supports caregivers.

In addition to publicly available secondary data sources such as the American Community Survey and the Bureau of Labor Statistics, the Bell created multiple surveys to capture the variety of costs of providing paid and unpaid care. The surveys were distributed across the state in English and Spanish. With the help of many partners, we surveyed unpaid caregivers, recipients of Consumer-Directed Attendant Support Services (CDASS), and providers/employers of caregivers. To supplement the surveys, with specific focus on the surveys with modest response rates, six focus groups were facilitated to help quantify the total dollar cost of providing in-home, non-medical care for older adults.

The Bell partnered with many organizations to develop and receive feedback on the model to ensure it would be effective. In addition, a more intentional partnership was built with the community-based organizations Tri-County Health Network and the Colorado Latino Leadership, Advocacy and Research Organization (CLLARO) to help reach diverse communities and perspectives across the state. In addition to coordinating focus groups and distributing surveys, both organizations brought unique perspectives and highlighted important cost differences experienced in Colorado. Based in southwest Colorado, Tri-County Health Network made sure that the unique challenges of providing care in rural areas, such as transportation difficulties and long distances to access resources, were considered.

CLLARO, based in the Denver area, works closely with Latino communities, where unpaid caregiving is more common partially due to cultural preferences. As a key partner, CLLARO helped ensure that the model not only highlights diverse experiences in unpaid caregiving but also addresses the unique ways Latino communities engage in caregiving.

Are you caring for a loved one who is an older adult or who has a disability? We want to hear from you!

The Bell Policy Center

Pictured Above: The Bell Policy Center utilized social media to gather responses for the Cost Model research surveys.

Core Components of the Cost Model

To estimate the total cost of providing care, the Home Care Cost Model captures the amount of care that is needed to meet the demand, supports caregivers with higher wages and benefits, and considers the costs associated with unpaid care.

The Overall Need for Care

The basis of calculating the cost of care is understanding the overall need for care among older adults in Colorado. Colorado is one of the fastest aging states in the country and the need for care among older Coloradans will continue to grow. Older adults are those 65 years old and older, though not all over 65 need care. Research and definitions of older adults who need care varies widely and makes pinpointing this population difficult. However, common indicators of needing personal care are more often functional or cognitive limitations that make it difficult for a person to perform Activities of Daily Living (ADLs) such as bathing, dressing, and eating (also known as self-care limitations) or Instrumental Activities of Daily Living (IADLs) such as laundry, homemaking, and grocery shopping. In 2011, nearly 30 percent of older adults were in need of assistance with either an ADL or an IADL. This number is used as the default in the model to indicate the percent of Coloradans 65 years old and older that are likely in need of care. However, the model allows for the user to select more specific populations of older adults who may need care.

Care is either paid and unpaid, both of which have different associated costs. To isolate these costs, the Home Care Cost Model is broken down into these two main components, each with their specific cost drivers, below.

Cost Drivers of Paid Care

The costs associated with paid care, in many ways, are more evident costs including wages for personnel and overhead for the hiring agency. Below are the main cost drivers for a home care agency model.

- **Wages:** Personnel, and the associated wages are the main cost to provide paid care. Personal care aides, those who provide most in-home, non-medical care, are paid a median wage of $17 an hour. While this current wage level is an option to assess cost, the model also allows for two higher wage selections to be made. A Housing Wage, the necessary hourly wage you would need to make in a full-time position to afford a two-bedroom apartment and only use 30 percent of your total income, based on the Department of Housing and Urban Development's Fair Market Rent. Additionally, the Self Sufficiency Standard, created by the University of Washington, estimates the hourly wage needed depending on family structure, to make ends meet without any public or private assistance. The model uses the self-sufficiency standard for one adult with a school-aged child as nearly 40 percent of direct care workers have a child at home and are often the sole providers for their families.

Self Sufficiency Wage across Colorado Counties

SSW for one adult and one school-aged child.

$20/hr $43/hr
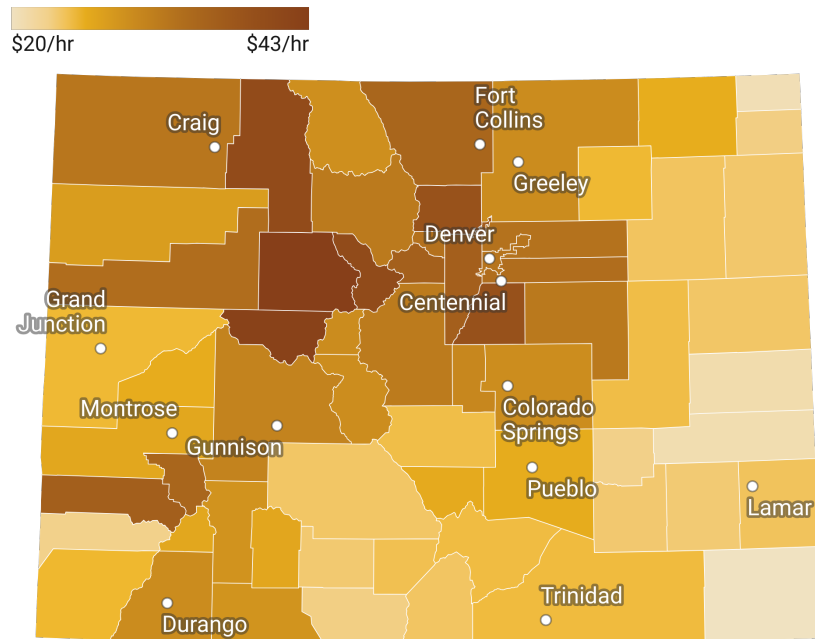
Source: University of Washington, The Self-Sufficiency Standard for Colorado 2022 (selfsufficiencystandard.org)

The current wages are low and lead to difficulties recruiting and retaining care workers. These higher wage options are included to estimate the total cost of providing care with a living wage that better supports paid caregivers.

- **Benefits:** In addition to wages, supporting paid caregivers in Colorado necessitates comprehensive benefits. Workplace benefits are rarely provided to home care workers. In Colorado, only 35 percent of home care workers receive insurance through an employer or union. The cost model includes required benefits, such as paid family leave, sick time, and Social Security and

Medicare. However, it also includes an option for users to select a more robust set of benefits in addition to the required benefits such as paid vacation time, health insurance, and a retirement plan. Research is clear that workplace benefits are important for worker well-being, workforce recruitment and retention, and that benefits such as retirement plans are key to economic mobility.

- **Turnover:** Turnover is a particularly important cost to include as the homecare industry saw over a 70 percent turnover rate in 2022. This presents a significant cost to providers who then need to recruit and hire a new caregiver. Although, increased wages and benefits have the potential to reduce these costs.

- **Training:** The model includes a baseline cost for the outlined minimum requirements for a personal care aide which include a minimum of 20 hours of training that can be developed by the hiring agency. However, there are various additional training preferences dependent on the type of care being provided. For example, those who are caring for someone with dementia may want to have additional training specific to those needs, especially as the number of people with dementia is increasing. There is also a call for broader culturally competent care to serve diverse needs. Therefore, it is optional to include cultural competency and dementia training for paid workers.

- **Travel:** A distinct characteristic of in-home care, as the name indicates, is that care workers must travel to their clients. Not only do they travel to and from and between clients, but they may also drive the care recipients to run errands and to their appointments. This adds up to significant transportation costs. This burden is particularly large in rural areas, where the commute is much longer.

- **Overhead and Administrative:** There are various administrative and overhead costs borne by home care agencies to provide paid care. This includes rent and utility costs, property taxes, equipment, insurance costs, and any supervisory staff.

CDASS Distinctions

In addition to the more traditional agency model for paid care, it is important to note that the costs associated with paid care look different still for those who go through the CDASS, the Consumer-Directed Attendant Support Services Medicaid program.

People eligible for Medicaid and who receive in-home care can use the Medicaid Home and Community Based Services (HCBS) waivers to pay for care. CDASS is available to HCBS waiver recipients but allows them to direct their own care rather than go through an agency. Importantly, if a family member is providing care, CDASS allows the recipient to pay their family member as a caregiver. If one chooses to receive care through CDASS, they work closely with a case manager to assess their needs and determine their monthly allocation of dollars to hire their caregivers. While CDASS is a type of paid care, and therefore shares similar costs with the more traditional agency model, there are a few notable distinctions. For example, wages and benefits are equally important cost drivers to consider as other paid caregivers. The main differences arise when comparing training requirements, overhead and administrative costs, and turnover costs, explained in greater detail below.

- **Training Requirements:** The required training for CDASS is for the recipient of care, or their authorized representative, while the training for the caregiver is the care recipient's responsibility. This is noted by partners as a preference among recipients as they can cater the training to their needs. CDASS recipients must complete a training through Consumer Direct Colorado on the program. Although, 55 percent of the CDASS respondents in the Bell's CDASS Survey noted that additional training on recruiting care workers would be helpful. Therefore, the Home Care Cost Model allows users to apply this additional training cost to CDASS participants.

- **Overhead and Administrative Costs:** Because CDASS is directed by the recipient of care, there are significantly lower overhead and administrative costs. Overhead costs, such as rent and utilities, are non-existent though there are small administrative costs. For example, case managers and financial management service providers are contracted to process payroll, worker's compensation, and other required attendant paperwork.

- **Turnover Costs:** Although some turnover naturally exists among caregivers paid through CDASS, it is likely significantly less than in the more traditional agency model. This is because CDASS allows the care recipient to hire friends and family members, who are unlikely to stop providing care. However, with existing data we cannot identify how many CDASS recipients are relying on a friend, family member, or a professional caregiver, therefore, in the Home Care Cost Model, no turnover cost is associated with caregiving through CDASS.

Cost Drivers of Unpaid Care

A combination of challenges in the paid care space and a preference among some of those who need care means unpaid care is a significant portion of the care provided in Colorado. About 80 percent of the caregiving for older adults is done informally by family members or friends.

### Percentage of Care Provided by Paid and Unpaid Sources

Paid Care
20%
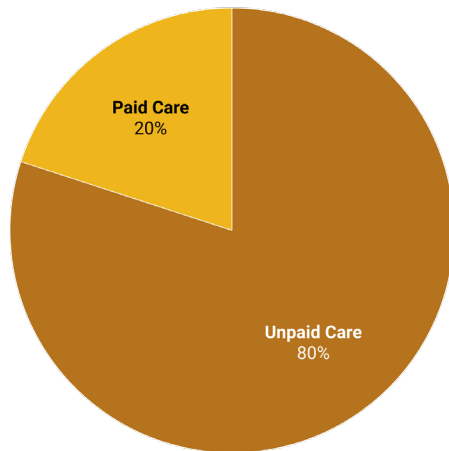
Unpaid Care
80%

Source: HHS Administration of Community Living

The breakdown of cost drivers for unpaid caregivers are as follows:

- **Lost wages:** The Bell's unpaid caregiver survey, conducted in 2024, found that 59 percent of unpaid caregivers are currently employed or were employed in the last year. However, twenty-nine percent of working caregivers said they had reduced their work hours to continue caring for their loved one. These lost wages are an important cost to incorporate in the model as they reflect the opportunity cost when caring for an older loved one.

- **Lost Productivity:** In addition to the lost wages, research shows that there is lost productivity that comes with unpaid caregiving. To provide care for an older adult, it was found that employees who were also providing care missed an average of three days of work in one month. The Bell survey found that 52 percent of unpaid caregivers who are also working are using personal time off to provide care.

- **Health Impacts:** As previously mentioned, caring for a friend or family member, although done with love and care, can come at a cost for the caregiver's wellbeing. Forty-four percent of unpaid caregivers surveyed noted they had skipped preventative care for themselves in the last year, largely due to not having the time or energy to care for themselves after caring for their loved one. Additionally, 76 percent of respondents said they felt anxious in the last 30 days due to their caregiving responsibilities.

In the last 30 days, have you felt anxious about many things due to your caregiving responsibilities?

No
24%

Yes
76%
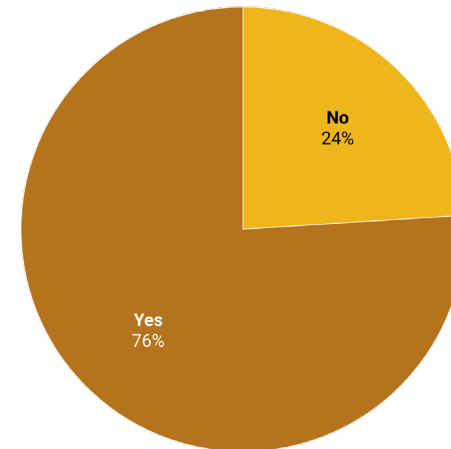
Source: 2024 Bell Unpaid Caregiver Survey

This results in poorer health outcomes among unpaid caregivers. Unpaid caregivers have a greater prevalence of chronic health conditions, increased risk of heart disease, and higher levels of stress.

- **Equipment and Out of Pocket Costs:** When caring for a loved one, a variety of out-of-pocket costs are incurred, some more expensive than others. For example, in the Bell's Unpaid Caregiving Survey, the most commonly purchased equipment includes mobility aids such as grab bars and walkers to help properly care for their loved one in their home. In 2016, informal family caregivers spent, on average, over $900 a year on equipment, supplies, and other day to day personal care items.

How Costs Interact With Each Other and Across Geography

The Home Care Cost Model is dynamic and allows the user to change some of the above assumptions and specify county to fit user needs.

The major components of the model, the breakdown of paid, CDASS, and unpaid care, can be adjusted to reflect different scenarios. Currently, about 80 percent of care is unpaid, leaving about 20 percent to paid care. The ability to adjust these assumptions allows the model to remain relevant and adaptable to the caregiving ecosystem. It also allows the model to be used to answer different research questions about how costs will change if more caregiving happens through unpaid friends and family, or vice versa.

In addition to capturing the above costs statewide, the model includes these costs on a county level. For example, transportation costs vary based on how rural the county is. Additionally, the self-sufficiency wage is adjusted based on the cost of living in each county. In counties where paid caregiving is particularly difficult to access, and there is a higher reliance on unpaid care, or greater participation in CDASS, the model allows the user to make these assumption changes as necessary based on their research purposes.

Example Scenarios

In the table below, two example scenarios estimate current year costs of care. Scenario 1 assumes the "status quo" of the home care system today. It calculates the true cost of providing care if current wages are maintained and only the required benefits and training are included. Additionally, it assumes that 80 percent of the care taking place is being provided by unpaid caregivers. Scenario 2 offers a comparison if wages were increased to a self-sufficiency wage, a more robust benefit package was offered, and preferred additional training was provided to paid and unpaid caregivers. Importantly, the second scenario assumes that with the increased wages and benefits, a higher percentage of care would be provided by paid caregivers.

Scenarios	Scenario 1: Statewide Status Quo	Scenario 2: Statewide Supporting Caregivers
Population Specific	30% of 65+ year olds in Colorado	30% of 65+ year olds in Colorado
Year	Current (2024)	Current (2024)
Wages	Current	Self Sufficiency Standard
Benefit Package	Required	Preferred Package
Percent Care Provided by Paid Care	15	25
Percent Care Provided through CDASS	5	5
Percent Care Provided by Unpaid Care	80	70
Average Hours of Care Received	20	20
Training	Minimum Requirement	Add Culturally Competent Training
Cost from Paid*	$1,269,000,000	$3,617,600,000
Cost from CDASS*	$353,400,000	$604,500,000
Cost from Unpaid*	$4,423,700,000	$3,877,300,000
Total Cost to Provide Care*	$6,046,000,000	$8,099,500,000

* Rounded to the nearest hundred thousand.

Source: Home Care Cost Model

As is expected, by increasing wages, offering robust benefits, supporting caregivers with additional training, and therefore likely increasing the amount of paid care provided in Colorado in Scenario 2, the overall cost to provide care increases by about $2 billion. The largest increase in cost is seen in paid care and CDASS while there is a small decrease in the cost from unpaid caregiving. While $2 billion is a large sum, it is important to consider the benefits and other potential cost savings from this investment in both paid and unpaid caregiving.

The larger cost increase in supporting paid caregiving would likely result in decreased public expenditures on public assistance and increase accessibility of care for recipients. For example, 52 percent of paid home care workers are on some form of public assistance and 32 percent of home care workers are on Medicaid specifically. By providing a self-sufficient wage, it is likely that the rate of paid home care workers who rely on public assistance such as food or cash assistance would decrease. Though more difficult to quantify, higher wages and better benefits for these workers also brings long-term community benefits. For example, research has shown that higher wages are correlated with better health, stronger academic outcomes for children, and increased civic activity.

The additional $2 billion in costs that come from supporting higher wages, benefits, and culturally competent training would also have positive impacts on the accessibility and quality of care. Increased wages and benefits has been shown to reduce turnover among home care workers. This is especially important in an industry where turnover is high and there is not enough paid care across the state to meet the demand. With more consistent care, we would expect older adults to have better health outcomes, in-turn allowing them to remain longer in their homes and communities.

Finally, this model also shows the value of unpaid caregivers across Colorado. Though much of this work is unseen and unrecognized, family and friend caregivers are shouldering a tremendous burden. While many caregivers want to do this unpaid work, it is coming at the expense of their financial and physical health. Finding ways to support this unpaid work will be important for the long-term well-being of these Coloradans.

Conclusion

Existing data on the cost of providing care, across settings, is fragmented and incomplete. To better understand the total cost to provide in-home, non-medical care, the Home Care Cost Model aggregates and quantifies the true cost of providing care. The Home Care Cost Model provides users an accurate cost estimate of what it takes to provide care to meet the needs of Coloradans while supporting paid caregivers, providers, and unpaid caregivers alike. All the while, the model allows for flexibility to adjust certain assumptions to better reflect the user's needs, whether it is by geography, the amount of paid or unpaid care that is taking place, or the type of training that is important to include. The cost model is a tool for researchers, advocates, and policy makers alike as Colorado continues its efforts in stabilizing the caring workforce and valuing informal caregivers.