

Economic Opportunity Institute
Blueprint

Health Insurance for Early Childhood Education Workers

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Key Findings

Quality early learning and care programs are dependent on the consistency and educational achievement of child care staff. High staff turnover resulting from low wages and few benefits negatively impacts the quality of early childhood learning and care. Making affordable health care insurance available to child care workers keeps child care affordable for parents and helps retain experienced, trained staff. Expanding the Basic Health Plan to early childhood education workers is the most effective administrative approach to accomplish this goal.

- ▶ Only 55% of licensed child care centers in Washington provide health benefits, which is 15% less than for workers in other professions.
- ▶ Child care teachers earn on average \$7.73 an hour or approximately \$16,078 per year. Aides earn significantly less: \$6.34 an hour or approximately \$13,187 per year.
- ▶ Health insurance is especially critical to child care workers because of the increased risk of infectious disease and injury inherent in caring for young children.
- ▶ Washington state has already legislated health care coverage for specific low-income workers, namely foster parents and home health workers, through the state's Basic Health Plan.

Introduction

Where the future of Washington is concerned, no one is more critical than the people who teach and care for Washington's small children. Yet, these workers typically earn low wages

and disproportionately lack health insurance. For quality, affordable child care, health insurance benefits must be available to recruit and retain excellent early childhood education (ECE) teachers.

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THE PROBLEM

Few child care workers can access health benefits through their job. Only 55% of licensed child care centers in Washington provide health benefits.¹ This is 15% less than the rate of all workers who receive employment-based health insurance.

Even when child care employers offer some health benefits, many employees must forgo coverage because they can't afford the substantial premium contribution required.

Health insurance is especially critical to child care workers because of the increased risk of infectious disease

and injury inherent in caring for young children. If child care workers do contract infectious disease or suffer injury, they may also put children at risk. Reflecting these realities, national standards for health and safety in child care require that all staff members who work more than 40 hours per month have a health appraisal before their first involvement in child care work and every two years thereafter.²

Nineteen percent of children cared for in licensed child care programs receive Department of Social and Health Services (DSHS) subsidies.³ For the state to obtain maximum benefit for the money it spends on child care, child care workers need to be healthy.

THE SOLUTION

The Washington State Basic Health Plan (BHP) is a no-frills health insurance plan for low-income workers. The BHP currently has 125,000 participants who contribute to their premiums based on a sliding scale determined by income. With the passage of statewide Initiative to the People 773, the Basic Health Plan will increase by 50,000 slots.

Washington state's coverage for two other populations, home health care workers and foster parents, provides a model of how Washington can move to expand the Basic Health Plan to enable health insurance coverage for all child care workers.

■ Home Health Care Model:

On average, home and personal care workers earn \$7.75/hour.⁴ Similar to child care workers, this population has extremely high turnover rates. To partially address this problem, home care agency and personal care workers are eligible for BHP subsidized coverage at the lowest premium of \$10. This coverage was included in the 1995 budget provisions and was implemented in

1996. The funding source for this additional subsidy coverage is through the DSHS, Aging and Adult Services budget. Because this funding is not part of the Health Care Administration (HCA) appropriation, these persons are not included in the calculation of the BHP-funded enrollment level. In June of 2000, 1,568 home care workers were covered under this model.

■ Foster Parent Model:

Foster parents can also access BHP subsidized coverage at the lowest premium of \$10. This special premium coverage was made available through a budget proviso in the HCA budget during the 1996 legislative session. The funding source is the Health Services Account and is part of the overall subsidized budget appropriation to HCA. Foster parents are included in the BHP funded enrollment level. In June of 2000, 378 foster parents were covered under this model. In the 2001-2003 biennium, the total cost for foster parent coverage is budgeted at \$1.9 million, with 5% of this being paid by subscribers/sponsors.

The Basic Health Plan’s administrative capability and critical health coverage make it an excellent vehicle to expand health care coverage to child care workers. Using this program to insure health care coverage for child care workers has many advantages. It helps reduce workforce turnover, contributing to the continuity of care that is the hallmark of quality in early education. It offers preventive care for individuals working at risk of infectious diseases. It decreases the number of uninsured individuals and subsequently decreases emergency room use and expenses. A survey in Massachusetts found that 45% of child care workers used the emergency room for medical care within the last 12 months.⁵ Equally important, it reduces the number of individuals who are medically uninsured.

Proposal:

Center-based child care workers at centers serving at least 10% DSHS

subsidized children would have access to a version of the BHP subsidized coverage. Sixty percent of child care centers in Washington serve more than 10% DSHS subsidized children.⁶ In 1998, there were 20,400 child care center workers across the state. It is estimated that 8,000 workers would be eligible for and would access BHP.⁷

All child care workers would be eligible for coverage at the monthly premium of \$35. Child care centers would be required to contribute \$25/month for each child care worker who elects BHP coverage. The child care worker would contribute \$10/month. The funding source would be the Health Services Account and would be part of the overall subsidized budget appropriation to HCA.

If approximately 8,000 child care workers were to get health care through the Basic Health Plan, the cost to the state would be about \$1.3 million a month.

**PROPOSAL:
Expand BHP for
Child Care
Workers**

Endnotes

¹ This ranges from 36% to 69% between geographic regions. It also differs by center type: government, 78%, non-profit, 62%, and private for profit, 43%. The level of wages and benefits offered by centers are related. Centers that do not provide benefits are also likely to pay lower wages. On average, centers providing this benefit to employees charge an additional \$38 per month for full-time preschool care.

² American Academy of Pediatrics, (1992) “National Health and Safety Performance Standard for Out-of-Home Child Care, <http://nrc.uchsc.edu/national/index.html>.

³ Miller, M.G., Schragger, L., Licensed Child Care in Washington State: 1998, Olympia, Washington: Department of Health and Social Services, 2000. Child Care Coordinating Committee, 1999-2000 Annual Report to the Legislature, www.wa.gov/dshs/occp/cccc.pdf

⁴ Washington State 2001 Occupational Employment Statistics, Washington Employment Security. <http://www.wa.gov/esd/lmea/labrmrkt/aws/statwage.htm#serv>.

⁵ Wilson, R., Werby, E., Friedman, D.H., “Health Care Coverage: Are We Shortchanging Those Who Care For Our Children?: A Massachusetts Survey,” The Center for Social Policy, November 1999

⁶ This is approximately 1,100 centers. Washington State subsidizes child care costs for about 20% of children in licensed care. [This percentage is based on availability of subsidies to families with incomes below 225% of the federal poverty level (FPL). As of July 1, 2003, these subsidies will only be available to families with incomes below 200% of the FPL.] Miller, M.G. op. cit. The DSHS child care subsidy program costs about \$283 million in fiscal year 2001. Most of the money comes from the state’s TANF block grant from the federal government.

⁷ This estimate is based on the following assumptions: 1) approximately 12,000 child care workers are in centers serving more than 10% DSHS subsidized children, and 2) a portion of eligible child care workers will access coverage through a spouse or elect to go uninsured.