

MEDICAID POLICY INFORMATION SHEET

Policy Analyst: Kristi Walker

Phone Number:

Initial

Public Comment

Final

Brief description of policy:

Effective October 1, 2024, the previously authorized direct care worker wage increase for in-person care provided by all eligible clinical direct care workers employed by Medicaid-certified nursing facilities has been increased by \$0.20 per hour in addition to the base wage that was in effect on September 30 of the previous fiscal year. The previously authorized \$0.85 base wage increase for all eligible non-clinical direct care workers will be maintained at the amount that was in effect on September 30 of the previous fiscal year. Any subsequent wage increases will be according to the fee schedule posted on the MDHHS website.

Reason for policy (problem being addressed):

To establish policy regarding the Direct Care Worker Wage Subsidy payments.

Budget implication:

budget neutral

will cost MDHHS \$ 128,085,900, and is budgeted in current appropriation

will save MDHHS \$

Is this policy change mandated per federal requirements?

No.

Does policy have operational implications on other parts of MDHHS?

Wage Pass-Through forms will still need to be completed and turned into financial operations.

Does policy have operational implications on other departments?

No.

Summary of input:

controversial (Explain)

acceptable to most/all groups

limited public interest/comment

Supporting Documentation:

State Plan Amendment Required: <input checked="" type="checkbox"/> Yes <input type="checkbox"/> No	Public Notice Required: <input checked="" type="checkbox"/> Yes <input type="checkbox"/> No
If Yes, please provide status:	If yes, Submission Date: 7/9/2024
<input type="checkbox"/> Approved <input checked="" type="checkbox"/> Pending <input type="checkbox"/> Denied	
Date: Approval Date:	

Bulletin Number: MMP 24-48

Distribution: Nursing Facilities

Issued: October 3, 2024

Subject: Direct Care Worker Wage Increase

Effective: As Indicated

Programs Affected: Medicaid

NOTE: Implementation of this policy is contingent upon approval of a State Plan Amendment (SPA) by the Centers for Medicare and Medicaid Services (CMS).

Pursuant to Public Act 121 of 2024, the previously authorized direct care worker wage increase for in-person care provided to Medicaid and non-Medicaid beneficiaries by all eligible clinical direct care workers employed by Medicaid certified nursing facilities has been increased \$0.20 per hour effective October 1, 2024. This supplemental wage increase of \$0.20 is in addition to the \$3.20 per hour that was in effect on September 30 of the previous fiscal year, resulting in a total wage increase of \$3.40 per hour.

Additionally, the previously authorized \$0.85 base wage increase will be maintained for all eligible non-clinical direct care workers at the amount that was in effect on September 30 of the previous fiscal year. Any subsequent wage increases will be according to the applicable fee schedule found at [Nursing Facilities \(michigan.gov\)](https://www.michigan.gov/nursing-facilities).

Eligible clinical workers include: Registered nurses, licensed practical nurses, competency-evaluated nursing assistants, and respiratory therapists employed by Medicaid-certified nursing facilities.

Eligible non-clinical workers include: Medicaid-certified nursing facility employees whose costs are reported in the following job classifications in nursing facility institutional cost reports: Other housekeeping, other maintenance worker, other plant operations, other laundry, dining room assistants, other dietary worker, other medical records, other social services, other diversion therapy, beauty and barber, gift, flower, coffee and canteen worker.

- An employee in a non-direct care position (e.g., recreation coordinator, administrator) who also has a current license as a Registered Nurse, Licensed Practical Nurse or respiratory therapist, or current certification as a competency-evaluated nursing assistant, is eligible for the wage increase **only** for hours worked providing direct care.

- A nursing assistant who has not completed the evaluation for certification is not eligible for the wage increase.
- An administrative or support employee providing direct care does not qualify if that person does not have the qualifying license or certification.
- Any qualifying administrative or support employee providing direct care is required to remain in compliance with all federal laws applied in [eCFR 483.35 \(b\)\(1\)-\(3\)](#).
- State employees are not eligible for the wage increase.

Administration of the premium pay

- For eligible clinical direct care staff, the \$3.40 per hour should be a base wage increase paid above the workers regular wage paid, or starting wage offered to eligible staff on September 30 of the previous fiscal year.
- For eligible non-clinical direct care staff, the \$0.85 per hour wage increase is compared to base wage rates on September 30 of the previous fiscal year.
- The wage increase payment cannot be used to supplant other wage increases.
- The \$3.40 per hour and the \$0.85 per hour wage increase must be applied entirely to eligible employee wages. Any associated share of employer Federal Insurance Contributions Act (FICA) payroll taxes must also be paid.
- The wage increase must be paid to employees prior to requesting reimbursement from MDHHS and on at least a monthly basis. Any nursing facility who holds employee owed wage increases in a bank account for any period of time shall be required to reimburse MDHHS for any accumulated interest associated with the payments.
- The wage increase applies to overtime hours for non-exempt employees (including those employees covered by the “8 and 80” overtime system) at a rate of \$5.10 per hour for clinical workers and \$1.28 per hour for non-clinical workers providing direct care. For example, if an employee works 43 hours in a week and is not covered by the “8 and 80” overtime system, they would be eligible for 3 hours of overtime and the wage increase would be \$5.10 per hour for a clinical worker and \$1.28 per hour for the non-clinical worker for the 3 overtime hours.
- If an eligible employee providing direct care is paid on a salary basis, the wage increase for a regular work week would be \$136 (40 hours x \$3.40) or \$272 (80 hours x \$3.40) in a two-week period for a clinical worker and \$34 (40 hours x \$0.85) for a regular work week or \$68 (80 hours x \$0.85) in a two-week period for a non-clinical worker.
- A nursing facility is eligible for reimbursement for employee payroll tax expenses directly related to the \$3.40 and \$0.85 per hour wage increase and \$5.10 and \$1.28 per hour overtime wage increase.
- The wage increase does not apply to employer contributions to the employee’s retirement plan.
- Additional funding is not available to the nursing facility for Worker’s Compensation, unemployment insurance costs or other additional administrative costs associated with the wage increase funding.
- The wage increase is a direct pass-through separate from the Medicaid nursing home per diem.
- An employee eligible for the wage increase may elect to not receive the payment. This decision must be documented in writing or electronically by the employee.

- **This funding is subject to audit and recoupment if these funds are not used for their intended purpose.**
- These payments are structured to address the immediate staffing needs and infrastructure changes required to assure that facilities are able to meet the patient safety protocols necessary, maintain necessary capacity in times of lesser need and account for the higher costs of serving this population.

Reporting

- Nursing homes must complete the Direct Care Worker Wage Pass-Through Reimbursement form and submit it to MDHHS at MDHHS-SNF-TESTING-FINANCIAL@Michigan.gov. Completed forms should be submitted on a monthly or bi-weekly basis. Nursing facilities must maintain payroll and personnel records to support wage increases to eligible employees for direct care hours worked, including overtime hours. **As with all MDHHS payments to providers, wage increase funds are subject to audit and recovery of inappropriate payments.**
- **IMPORTANT: Nursing homes should not send to MDHHS any information that is specific to an individual employee. Employee-specific information must be maintained by the nursing facility for audit purposes. If the documentation is required for an audit, it must be submitted using a secure method.**

Updated Wage Pass-Through forms as well as more information regarding administration of this wage increase for skilled nursing facilities can currently be found in a Frequently Asked Questions document found at [Medicaid Provider Forms and Other Resources \(michigan.gov\)](#).

Questions may be submitted to MDHHS-SNF-TESTING-FINANCIAL@Michigan.gov.

Public Comment

The public comment portion of the policy promulgation process is being conducted concurrently with the implementation of the change noted in this bulletin. Any interested party wishing to comment on the change may do so by submitting comments to Kristi Walker at WalkerK32@michigan.gov.

Please include "Direct Care Worker Wage Increase" in the subject line.

Comments received will be considered for revisions to the change implemented by this bulletin.

Manual Maintenance

Retain this bulletin until the information is incorporated into the MDHHS Medicaid Provider Manual.

Questions

Any questions regarding this bulletin should be directed to Provider Inquiry, Department of Health and Human Services, P.O. Box 30731, Lansing, Michigan 48909-8231, or e-mailed to ProviderSupport@michigan.gov. When you submit an e-mail, be sure to include your name, affiliation, NPI number, and phone number so you may be contacted if necessary. Typical Providers may phone toll-free 800-292-2550. Atypical Providers may phone toll-free 800-979-4662.

An electronic copy of this document is available at www.michigan.gov/medicaidproviders >> Policy, Letters & Forms.

Approved

A handwritten signature in black ink that reads "Meghan E. Groen". The signature is written in a cursive style with a large initial 'M' and 'G'.

Meghan E. Groen, Director
Behavioral and Physical Health and Aging Services Administration